



# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL BUSINESS

## Deadline Sterling or air hostages rises to \$1.78½; gold up o-day

**STERLING** rose 45 points to 31.7850; its weighted depreciation improved to 33.8 (35.9) per cent. The dollar widened to 2.84 (1.93) per cent.

**GOLD** gained \$1 to \$23.3.

**EQUITIES** improved though activity remained low. The FT 30-share index rose 5.9 to 353.8 for a two-day gain of 12.2. The FT-Actuaries All-Share Index improved 1 per cent to 135.42.

**GILTS** made modest gains though demand was small. The Government Securities Index firmed 0.65 to \$2.87.

**WALL STREET** closed 2.13 up at 1,042.78 in heavy trading on a 2 per cent rise in May factory orders and a Federal Reserve Board prediction that inflation would drop below 5 per cent by 1977. Page 4

**CASH TIN** price rose £118.5 a tonne to an all-time high of £4,56 yesterday following a fall

of 50 pence. The CBI said that industry would not relax its campaign to get major revisions in the Code. A Government which could talk on the same day about need to improve profitability in the private sector, and produce proposals of this limited nature, got "ten for grasping" the dimensions of the problem he said.

Mrs Shirley Williams, the Prices Secretary, defended the package on the grounds that the disincentive to higher output and investment had been "swept aside." She also acknowledged that the present return on capital of about 2.2 per cent for all industry was "disastrous." With

the release of "freedom of information," as demanded by the Ugandan Radio

### ster anger over shooting

for Uganda's business leaders after the murder of the director of a Belfast bank, the third attack since publication of a list of 350 manufacturers in a local magazine. Financial Joint editor Mr. Amin said he now regret publishing the list, which included as an analysis of Ulster business.

### age sentences.

After Sessions House sittings on July 1, jail for life was imposed on Mr. John Franklin, 29, a former member of the Ulster Volunteer Force, for 17 years and 10 months. Page 13

**DAY'S LUST** through strike action in U.K. industry in the first 8 months of 1976 fell to 1.87m. compared to 2.97m. during the same period in 1975. Back Page

**Nigeria tightens participation**

**NIgerian GOVERNMENT** has announced an extension of measures to increase local shareholdings in foreign companies as well as punitive action against companies not abiding by earlier decrees. Back Page 8

**arm prospect**

It will be very dry and warm, ending in the long-range weather forecast. But there will be some cooler wet spells. The heatwave will continue the next few days.

Large fires were sweeping Yorkshire and parts of the country yesterday. The road to the coast between York and Hull. Thousands were able to swim in the sea.

**all withdrawn**

Old Bailey Judge withdrew Mr. John Stonehouse at end of the prosecution case against him on 12 charges after days.

**arty contest**

Denis Healey will not enter contest for treasurership of Labour Party. Front-runners Tribune Mr. Norman Atkinson and Mr. Eric Varley.

**eople and Places**

Fabian Society, facing a steady growing deficit, has called an appeal for £200,000.

**motorway inquiry** at quarter was halted yesterday after a day of chaos when drivers ordered to leave the inspector.

re thresher started yesterday red macaw in the lines two sea anglers fishing from a boat near Bournemouth.

Indian Michael Birch won the Dyer Association pre-tax profit class to The Observer. An unchanged transatlantic race 10.3m. (20.9m. loss). Director says the current year has started well. Page 23

**BRENT WALNERS** has sold its 25 per cent stake in the company which developed the Brent Cross shopping centre in North London to Standard Life Assurance for £3.7m. Page 24

**ACCOUNTING Standards Committee** yesterday decided to reconsider its proposed standard on deferred taxation. Back Page

**MANUFACTURING** productivity in the U.K. rose 2.5 per cent in the first quarter as output began to recover while employment was still falling.

**WEST GERMAN**, British and Italian Governments are expected to sign the production contract for the first batch of 40 Tornado MRCA within a few days. Page 7

**ACCOUNTING Standards Committee** yesterday decided to reconsider its proposed standard on deferred taxation. Back Page

**BRENT WALNERS** has sold its 25 per cent stake in the company which developed the Brent Cross shopping centre in North London to Standard Life Assurance for £3.7m. Page 24

**LAZARDS** of London has signed an agreement with five local industrial companies to launch Korda's first merchant bank. Page 4

**COMPANIES**

**RPS INDUSTRIES** pre-tax profit for the year to March 31 rose to £18.26m. (£11.6m.) mainly due to increased profitability of the gypsum companies. Page 22

**DENFORD AND ELLIOT** first half pre-tax loss was £0.50m. (£1.2m. profit). Chairman says there is unlikely to be a pre-tax profit in the second half. Page 22

**EMERSEY COTTON and Wool** Dyer Association pre-tax profit for the year to March 31 was £0.31m. (£0.97m. loss). Director says the current year has started well. Page 23

**HIE PRICE CHANGES YESTERDAY**

Prices in price unless otherwise indicated)

**INDEXES**

Retail Price Index 100 = 1

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# When sickness is a way of life

BY C. GORDON TETHER

THERE COULD surely be no clearer—or more poignant—testimony to the extent of the gap between the living standards of the "haves" and "have-nots" than the contrast between the facilities at the disposal of the two groups for savouring life's greatest gift—good health.

You must have seen those advertisements which the multinational chemical giants put in the papers from time to time with the aim of improving their public image—notably by describing the contribution their technical achievements are making to ensuring a happy life for children suffering from the disease diseases that have been attracting a lot of attention in the affluent world in recent years. Nothing wrong with that, you may say. And of course, there is not. But contrast these pictures of a seemingly almost boundless concern to see that ill-health is stamped out, no matter what the cost, with that presented by the statistics depicting the state of the score for the treatment of disease in the less-developed countries.

In a recent report on the health situation in the Third World, the UN Children's Fund attention to one sombre statistic: that is that less than 15 per cent of the rural population and other underprivileged groups have access to health services.

And in case anyone should feel inclined to question UNICEF's contention that it is the rural people who are most exposed and prone to disease, let me quote from some of the statistics included in an article on "Diseases Against Development," by Alexander Dorozinsky, which appears in the current issue of *Ceres*, the bulletin published by the UN's Food and Agricultural Organisation.

## Obstacle

This points out that about a third of the world's population—yes, a third—suffers from one tropical disease or another. Malnutrition and other really unnecessary complications with long names each affect about 200m. people, while millions more are victims of leprosy, river blindness, sleeping sickness, and a South American sickness that kills by destroying the face. In endemic areas, moreover, people may harbour three or four diseases—producing parasites.

Sickness on such a scale—nine out of ten children in Africa catch malaria—inevitably means that it becomes a way of life. And one inevitable consequence is that health troubles constantly

## A few cents

There is nothing that the advanced world can do to make an impact on a situation wherein so many people spend most of their lives tragically grappling with one, two, or even more diseases. Clearly,

UNICEF report makes clear, an attack on the problem aimed at raising the level of health services in the developing world to that with which we are familiar is, for all practical purposes, out of the question. But there is one thing that does lie within our power. It is to bring to research in the field of tropical medicine the same kind of enthusiasm and devotion we do to that related to the diseases from which we suffer.

The World Health Organisation has estimated that total world expenditure on tropical disease research at present comes to no more than \$30m. a year. And that, believe it or not, is only a fifth of the sum devoted each year to researching one single affluent world affliction—cancer. Yet, as the *Ceres* article points out, the potential for success here happens to be very great, while it is estimated that the additional sum required to intensify the attack in a meaningful way would come out no higher than \$15m. or a mere 15 cents per capita.

It is here that we return to the picture painted by the advertisements of the multinational companies. Their endeavour to improve the health of those who live in the affluent world are necessarily focused in the end by the affluent people.

Could we not find in our hearts to put up the trifling additional sum each year that could go such a long way to enabling the peoples of the less-developed world to enjoy the gift of good health, in much the same measure as we do ourselves?

Although he could finish only

## SALEROOM

## BY ANTONY THORNCROFT

A SALVADOR DALI painting, *Fabrique au bord de l'Oise*, was rescued from the last train to be looted leaving Paris after the 1944 Liberation, was the big success at yesterday's Sotheby's sale of Impressionist and modern art. It is a surrealist work of 1937, entitled *Suicide*, bought anonymously for £19,000 (plus the 10 per cent buyer's premium)—comfortably above the forecast price.

The picture was sent for sale by Mr. Edward James, one of Dali's early patrons who is being forced to dispose some of his fine collection of modern art because of the Government's refusal to help with their maintenance. All told, the auction went quite well, thanks to strong international bidding, making a total of £127,900.

Two main lots, a Cézanne, *Le Moulin à l'Herbe*, and Max Ernst's *Hesperiades* were bought in £50,000 and £42,000 respectively. Yesterday's buying was concentrated on a first edition of Milton's *Ode to Education*, while a first edition of Milton's poems was bought by Quaritch for £3,400.

Ernest's *Le Jardin des Hesperides* was bought by a Turin dealer, Galatea, for £61,000; Juan Gris' *La Rose* went to Nebroid of Milan for £54,000; and a Pissarro, *Le*

*Fabrique au bord de l'Oise*, was sold for £50,000.

A Van Gogh watercolour, which sold for £25,500, was one of a pair which had been bought by the vendor's father in 1900 for a hundred guilders. Other noteworthy prices were £38,000 for a Braque and £36,000 for Orozco.

In the afternoon, drawings added a further £500,250, with a Leger beaten target at £21,000, and two Giacometti bronzes making £20,000 and £18,000. Seventy gouaches by Kees Van Dongen in 1946-47 to illustrate the triumph over temptation from the *Arts Morandi* by the 15th century master ES sold for £15,000, over three times estimate, to a German buyer, who also paid £1,500 for an engraving of St Christopher by Master MZ. A woodcut by Durer went to Colnaghi for £4,800.

Sotheby's also completed a trio of sales from the Phillips collection of books and manuscripts, which have now brought over £2,900,000 since the dispersal of the Hartman collection of Japanese metal work, the finest to be disposed of in the West.

The first day made £220,448, with a highest price of £12,500 for a Japanese sword of 1682 signed Satsunia, Kanku Sanekika. It went to a Japanese buyer, Sarumi. Another sword, an Aikuchi Tanto, of 1392, was bought by Tomi-San for £5,800.

Troyan acquired a Shakespeare third folio for £1,400, while a fine fourth folio made the same price.

There were exceptionally high prices for books on economics and trade, and Thomas Mun's

*England's Treasure by Foreign Trade*, 1664, estimated at £250-£300, went for £1,700.

There were equally important sales at Christie's. The 60 Rembrandt etchings collected by Jean Malmgren of Stockholm did well, with only a handful unsold, for a total of £68,030.

Later there was a general auction of Old Master engravings and etchings collected by Colonel Sir Joseph Weld, which totalled £139,120. A tiny engraving of the triumph over temptation from the *Arts Morandi* by the 15th century master ES sold for £15,000, over three times estimate, to a German buyer, who also paid £1,500 for an engraving of St Christopher by Master MZ. A woodcut by Durer went to Colnaghi for £4,800.

Perhaps the most interesting auction of the day was at Quaglino's where Christie's started the dispersal of the two-day sale of the Hartman collection of Japanese metal work, the finest to be disposed of in the West.

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## RACING

## BY DOMINIC WIGAN

### Shortbread to win at Brighton

DESPITE the presence of those fourth behind Swaffer when heavily-backed favourite at Salisbury eight days ago, Angelos is thought considerably better than the form suggests, and I cannot see one to trouble him.

#### BRIGHTON

2.00—*Angelos*  
2.30—*Another Fiddler*  
3.00—*Shortbread*  
3.30—*Mofida*  
4.00—*Happy Victorian*  
4.30—*Golden Lania*

#### CARLISLE

3.15—*Mister Geoffrey*  
3.45—*Sweet Lad*  
4.15—*Igloo Fire*  
4.45—*Walter\*\**

#### YARMOUTH

2.45—*King Elect.*  
3.15—*Great Birnam\**  
4.15—*Kilcaron Lass*

With only *Lester Olivia*, *Beau Brummie* and *Song Of The Tocer* to beat in Yarborough's Somerlyton Stakes, the Henry Cecil-trained *King Elect* should have few problems in regaining winning form.

Whatever their fate with Honey Blossom, Peter Walwyn and Pat Eddery should not leave this popular hillside track empty. *Angelos* appears to have a comparatively simple task in the Herfield Stakes.

An impressive winner here on two occasions before going down to that speedy pair, *Man in the Moon* and *Great Oak*, in the

Woolverstone and Flying Water.

Tony Murray's mount has shortened with Coral from 5-1 to 7-2. The same firm goes 5-2 with the vanquished Derby favourite *Wollow*.

Fresh-trained horses occupy the first three places in the initial vote for the 1976 Racehorse of the Year award, for which any horse which has raced on a British racecourse in the current season is eligible.

*Penzance* received a total of 86 points from the 40-strong panel of racing journalists, and Mr. Daniel Wildenstein's filly holds a comfortable lead over her nearest rival, *Empress*. *Sugaro* occupies third place, just ahead of *Wollow*, *Lockinge* and *Flying Water*.

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Although he could finish only

## TV Radio

\* Indicates programme in black and white.

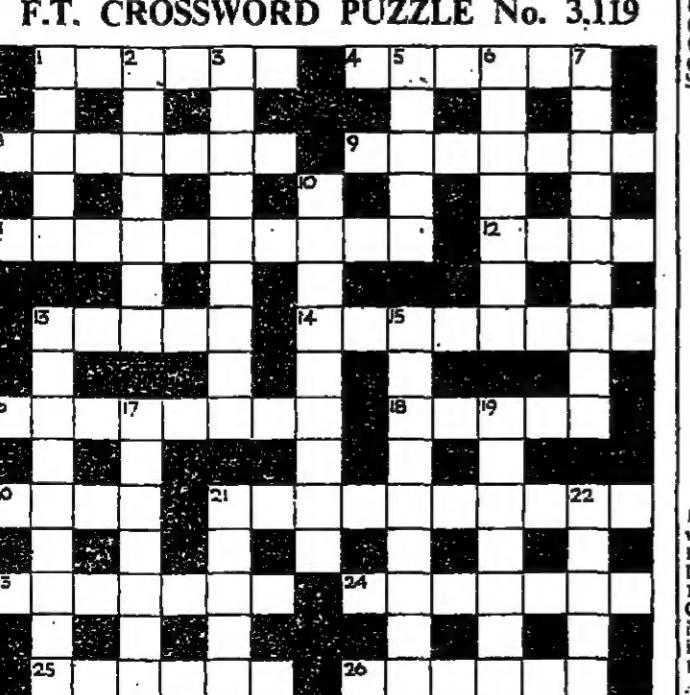
### BBC 1

7.00-7.35 a.m. Open University (UHF only). 1.20 p.m. On The Move. 1.30 Fingerboots. 1.45 News. 1.55 Wimbledon Lawn Tennis. 1.55 Regional News. 4.25 Play School. 5.30 Blue Peter. 5.15 Box Car. 5.45 News. 6.00 Nationwide (London only). Hoddow. 10.15-11.05 A Year Of

6.15 Wimbledon Lawn Tennis. 7.15 Top Of The Pops. 7.55 Porridge. 8.25 Champions All. 9.00 News. 9.25 Second Verdict. 10.15 Omnibus. 11.45 Tonight. 11.50 Weather Regional News. All Regions as BBC-1 except at the following times:

Wales—5.15-5.45 p.m. Blidowur. 6.00-6.15 Wales To-day. 8.25-9.00 Wales. 6.00-6.15 Wales To-day. 8.25-9.00 Wales. 6.00 Nationwide (London only).

### F.T. CROSSWORD PUZZLE No. 3.119



1. Discount for graduate in the network (6); 4. From which feline exit spells lack of security (3, 3); 6. Arrived with many at Arthur's place (7); 9. Name for a saint in Holy Land village (7); 10. To prove a strange meal I hold forth (10); 12. Goodies to gather up (4); 13. Little picture of the fashionable crowd (5); 14. We have a load to beat up (3, 6); 16. Unsuspicious essayist may turn up at lunch (4, 4); 18. Here is a joint we have to critique (5); 20. Light in the eye a great fault (4); 21. Fleet Street bosses keep things together (5, 5); 22. Plant from underhand half of 16 (7); 24. And evening full of the wings? (7); 25. Experienced like Heath after a type of shirt (6); 26. Vessel from the South in outline (6).

1. While proudly riding o'er the azure— (Gray) (5); 2. Hammers the insects? (7); 3. Water of O.T. could suggest afternoon tea late (3, 3); 5. Upward effort reaching almost to heaven (5); 6. Where to look for a present—the boy's about to rave (4, 4); 7. What the suitor or the tennis player has to do (2, 2, 5); 10. Australians have a party with oce in the Principality (9); 12. A shirt may be, or differences (3, 3); 15. The Flying Squad's credit sets a standard (9); 17. Made wet studies about a politician (7); 19. Advice from it with London suburb to put into practice (3, 2, 2); 21. Dignity is found in a novelist (5); 22. Language you may use to a Cockney wife (5); SOLUTION TO PUZZLE No. 3.118.

LOVELY THOUGH CAE EOD INN COCOCA THINGUMY UU UU VLAH LAH SWIMMETER TEEMSE T T I A M I H P PIANIST GOODBYE W G S N U U U INTRUST MOOGING ST SIA UD A HETUP MATERALLY DCEP DAE BLOOM AESTO LUE WARDER ARRESTED

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## WORLD TRADE NEWS

## Eximbank rejected S. African loan plan

By David Bell

WASHINGTON, June 30.

THE U.S. Export-Import Bank earlier this month rejected a proposal that it should guarantee a \$450m. loan to help finance a large South African oil from coal plant in the Transvaal.

The Fluor Corporation of South Africa was due to build the major part of the plant for Sasol, the South African oil company, and about 20 other American companies were to be suppliers. The loan would have covered all but \$50m. of the cost of the new plant. Fluor declined all comment to-day and Sasol could not be reached.

A spokesman for the Eximbank said that the rejection of the proposal, which occurred before recent riots in Soweto, did not have a political motive but sprang from the Bank's feeling that "the size of the request coupled with uncertainty on other aspects of financing" made it a project in which it should not participate, at least for the time being. He said that the Bank might look at the proposal again if circumstances changed.

While the Bank has always insisted that it is studiously neutral about projects in South Africa, The rejection of the proposals—on June 17—came less than two months after a number of Congressmen and Senators had written to the President protesting at suggestions that Eximbank might itself make a loan for the project. Among them was Sen. Dick Clark, chairman of the Senate Sub-Committee on Africa.

A direct loan was apparently abandoned soon after this and Congressional sources said this afternoon that they were pleased that the Bank had refused to guarantee the loan at least for the time being. Its rejection follows the South African decision to buy two nuclear reactors in France rather than from U.S. General Electric which in turn followed criticism of the deal on Capitol Hill.

\*

Leyland South Africa has been awarded a £1.8m. contract by the Cape provincial administration to supply 250 Leyland Buses and 1,500 trucks. It is one of the most valuable truck orders received by the South African company.

## MIKI IN WASHINGTON

## Growing Japanese surplus worries U.S. authorities

By DAVID BELL

MRI. TAKFO MIKI, the Japanese Prime Minister, was meeting President Ford to-day amid growing concern about the size of the Japanese trade surplus with the U.S. which has been growing rapidly this year.

There has been some concern in recent weeks that the Japanese may be tempted artificially to restrain the Yen to help keep exports competitive and that this may be one of the factors that could contribute to another surge in Japanese shipments to America.

In the first five months of this year the Japanese trade surplus is some \$2bn. compared with only \$800m. last year in the comparable period. The fear is that it may grow in the remaining seven months of the year until it reaches the \$4bn. that caused so much difficulty in 1972. At that time the surplus was some two-thirds of the entire U.S.

## Lazards in launch of merchant bank in Korea

By RICHARD HALL

SEOUL, June 30.

AGREEMENT WAS signed here to-day between Lazards' managing director, said to-day.

The corporation is seen as having a major role in foreign borrowings for Korean industry, acting as an intermediary. It will also give on-the-spot advice on joint ventures. It is planned that Lazards will eventually sell 49 per cent of its holding to other non-Korean concerns.

The five industrial companies share 40 per cent of the capital, and Korean commercial banks are due to subscribe the remaining 10 per cent.

Michael Blanden writes: The \$2.5m. which Lazards is putting into the venture is a substantial investment for a merchant bank.

The bank sees the move as fitting into its general policy of selective development internationally in areas of potential growth.

The London bank's contribution to the new venture is expected to include advising on and helping to find the management of the bank. Lazards expects however, to reduce its own stake when further shareholders are introduced; no specific plans are in hand at present, but it is thought these could include international banks from other nations with strong interests in Korea such as Japan, West Germany, France and the U.S.

Domestically, the KMBC will be concerned with the short-term money market, will manage underwriting and generally develop investment management business. It will also provide advisory services. "We hope we may introduce new ideas in some of these fields," Mr. Stanley

R. Wright, Lazards' managing director, said to-day.

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The five industrial companies share 40 per cent of the capital, and Korean commercial banks are due to subscribe the remaining 10 per cent.

Under the cartel, which will be formed in accordance with the Export-Import Transaction Law, the Japanese companies will share special steel exports to the U.S. to co-ordinate their shipments to the market, the Ministry said.

Japan and the U.S. reached agreement on June 11 to curb shipments of Japanese special steel to the U.S. to not more than 66,400 short tons for the first year, 68,400 tons for the second and 70,400 tons for the third.

At the same time, he said that provided "student" fiscal and monetary policies were used next year, the rate of inflation could drop to 4 per cent, from its current level of between 6 and 7 per cent.

DR. ARTHUR BURNS, chairman of the Federal Reserve system, took issue to-day with suggestions that the Fed is keeping the expansion of the nation's money supply.

He told the Congressional Joint Economic Committee that the Fed intends to stick to its goal of an increase in the basic money supply of between 4.5 per cent and 7 per cent between now and early 1977, and he reiterated the claim that it has done little in the past that it has been the Board's policy of only moderate relaxation of control of the money supply which has kept interest rates from rising too sharply during the current recovery.

Some private individuals and members of the Senate Banking Committee have said recently that they do not think that the increase allowed by Dr. Burns will be enough to stimulate economic growth over an extended period, but Dr. Burns said moderation remained imperative. If inflation was to be kept as low as possible,

The Fed chairman said that the economy had made good progress during the year but said that much still needed to be done, particularly to reduce the "much too high" level of unemployment. He predicted that unemployment would however, probably drop below 7 per cent by the end of this year and go down to about 6.5 per cent by the middle of next year. This compares with the current unemployment rate of 7.3 per cent.

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# OAU will condemn South Africa and reject Transkei

BY STEWART DALBY

ANY LINGERING hopes South Africa may have retained that sport, recognition of the Transkei by a black African state could pave the way for worldwide acceptance of the Transkei, the first sporting activity with South Africa, and appeals to the Olympic committee to ban New Zealand from independence, are likely to be firmly squashed when the next Olympic Games.

African Heads of State arrive here for the thirteenth annual summit of the Organisation of African Unity.

The Council of Ministers of the 48-member body (the Seychelles joined yesterday) were tonight putting the finishing touches to something over 40 resolutions considered by the Council of Ministers as a result of the widespread anger felt among members over the riots in black South African townships during which 176 people were killed and 1,000 injured.

Apart from the South African resolutions the most contentious are likely to be those involving Djibouti, or the territory of the Afars and Issas, over which Ethiopia and Somalia are in dispute and which is due to gain independence from France early next year; and the item concerning the Western Sahara, the former Spanish possession which

Revealing the exact wording of the resolution, Mr Peter Onu, the body's official spokesman, said another resolution condemning South Africa had also

PORT LOUIS, June 30.

## Indian oil search launched

A MAJOR Rs4.3bn. (280m.) programme is to be launched by India's Oil and Natural Gas Commission immediately to search for oil all over the country.

Shamsi reports from New Delhi.

The programme involves getting the help of foreign drillers.

That exploration work in

promising onshore areas is carried

out quickly.

Thus foreign firms will be allowed to drill in the ministry for the first time but the Ministry of Petroleum, K. D. Malavia pointed out that no change in policy was involved, since drilling will be done under contract and no production sharing will be permitted.

**Envoy expelled**

The Libyan Ambassador, Mr. Mihod El-Sedik Ramadan, arrested in Cairo last night, was called in by the Egyptian Foreign Ministry today and told to leave the country at once, informed sources said, reports Reuter. Egyptian officials said Mr. Ramadan was distributing anti-State propaganda when he was detained.

Mr. Dromey said if the British Government was to appeal for clemency, it could strengthen its case by making moves to stop the recruitment of mercenaries.

That would make it easier for President Nito to exercise

power, he told a news conference in London.

**Singapore loan**

The Singapore Government is to

raise another \$840m. to finance

development expenditure by way

of a public issue of domestic

registered loan stocks, our Singa-

apore correspondent writes.

## Ghana delay

The Ghanaian Government said

yesterday it has again postponed

an investment policy decree which

seeks to give controlling shares in

foreign companies operating in

Ghana to Ghanians. Reuter re-

ports from Accra.

## Egyptian threat

The chairman of Egyptair, has

threatened to resign because of

Government rule in the AP-DJ

airports from Cairo. He said there

is immobilisation of the airlines new jets are

immobilised because of a lack of

spares, and he said he had to

scrape up \$4m. to pay fuel bills

abroad.

Reuter adds from Nairobi:

Kenya to-night rejected an

"utterly false" Ugandan allegations

that Kenyan armed forces

destroyed a police post in north-

east Uganda this week.

A Ugandan military spokes-

man quoted in a Kampala Radio

report monitored here, said

Ugandan troops had been given

the "green light" to cross into

Kenya in hot pursuit if border

crossings by Kenyan forces were

repeated.

Meanwhile in Port Louis,

Mauritius, a senior official of the

"Third Force" was reported

shot dead in Tanzania and the

force commander to have dis-

appeared, according to sources

close to the foreign ministers'

conference.

## Israel court move

The Jerusalem District Court yes-

terday overruled a lower court

decision that awarded months

of violent Arab protests UPI

ports. It set aside the ruling that

acquitted eight Jewish youths of

disturbing the peace while pray-

ing on Mount Moriah, a site

holy to both Moslems and Jews.

## ON OTHER PAGES

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Malaysian palm oil ..... 33

## MALAYSIAN FEARS OF COMMUNISM

# Fighting a common enemy

BY WONG SULONG

THE ARREST of Samad Ismail, probably the most distinguished Malay writer and editor in Kuala Lumpur, illustrates the nervousness of the authorities about the strides being made by the Communists in Malaysia. Until now, the Communists had been supposed to be almost

the rider to the dangers ahead. The need for vigilance on the part of the Singapore intelligence authorities is even more vital now that the Malaysian special branch has lost many of its old Chinese

cycle, driven by someone, some now being splashed on television, whose policies, he feels, are vision and print media show them bringing them dangerously close all as Chinese. While the allegation that such a prominent Malay as Mr. Samad is a Communist may shock many Malaysians, what is more alarming is intelligence reports indicating that the Communists are making

only village "liberated" by the Community for a week during the last Emergency.

Some Malay students are under the influence of Communist ideas—it is worth noting that the majority of the UMNO youth division members are above 30 years old—and many of them are going round the villages spreading anti-Communist propaganda.

On a broader perspective, the Sino-Soviet rivalry is beginning to be felt within the Communist movement in Malaysia. With the Chinese making up 37 per cent of the Malaysian population, Peking has a natural advantage over Moscow, but the Russians are far from being disheartened or idle. Datuk Harun Idris, a very powerful politico until his conviction for corruption, claims the Russians have tried, unsuccessfully, to win him over on several occasions.

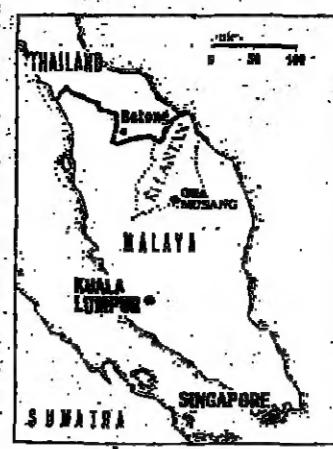
Expert opinion is divided whether Moscow has any influence over the Marxist-Leninist faction, a group which broke away from the main MCP.

Although the ML group has not publicly sided with Moscow, it adopts the Soviet model of urban guerilla warfare, and its name (Marxist-Leninist, and not Maoist) may be indicative of its leanings.

But irrespective of whether they are pro-Peking or pro-Moscow, Communists are Communists, and we will get them," says one senior Malaysian military officer.

The Malaysia Security forces are undergoing considerable expansion, in numbers and equipment, to prepare for another protracted war.

The Communist threat is undoubtedly more serious now than a couple of years ago, but old timers say the present situation is a far cry from the last Emergency.



## Rhodesia denies attack claim

BY TONY HAWKINS

THE RHODESIAN Government an attack at Malvern into Mozambique, also last weekend. Describing the reports as "transparent nonsense" Rhodesian spokesman said this was part of Mozambique's campaign to win sympathy and financial aid from the Organisation of African Unity leaders meeting this week in Mauritius.

Meanwhile, the vice-president of the moderate Rhodesia Party, Mr. Alan Savory, to-day appealed before a constitutional conference to be attended by all Rhodesian claimed to have killed 29 Rhodesian troops, including nine political groups, including both officers, when Rhodesia staged wings of the African National

SALISBURY, June 30.

Council and the so-called "third force" (the Zimbabwe Liberation Army). Speaking in Salisbury, Mr. Savory—who last week was accused of treason by a Government backbench MP—said Rhodesia was fighting a war that the Government could not hope to win.

He accused the ruly Rhodesian Front Party of blocking a meaningful constitutional conference. Any conference, he said, would lead to immediate majority rule, but with a heavy bias towards moderation.

Reuter adds from Nairobi: Kenya to-night rejected an "utterly false" Ugandan allegation that Kenyan armed forces destroyed a police post in north-east Uganda this week.

A Ugandan military spokesman quoted in a Kampala Radio report monitored here, said Ugandan troops had been given the "green light" to cross into Kenya in hot pursuit if border crossings by Kenyan forces were repeated.

Meanwhile in Port Louis, Mauritius, a senior official of the "Third Force" was reported shot dead in Tanzania and the force commander to have disappeared, according to sources close to the foreign ministers' conference.

## FT Conference: Business outlook bright in Asia

BY RICHARD NATIONS

THE NORMALLY bearish and sceptical businessmen introduced a brighter note in the third day of the Financial Times Asian Business Conference, convened here to discuss business prospects in Asia.

The outlook for Asia appears brighter now than at any time during the recent past." This was the executive vice-president of Bank of America, Japan's Mr. L. J. Mulkeran's reply to the question addressed by the speakers to-day: "How should international business look at the Asian climate?"

Mr. Mulkeran's view found a somewhat welcome relief from the occasionally sombre presentations by diplomats, ministers of regional governments, and politicians which in the previous two days had underscored the potential instability of South-East Asia in the wake of America withdrawal from Indochina.

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The Malaysia Security forces are undergoing considerable expansion, in numbers and equipment, to prepare for another protracted war.

The Communist threat is undoubtedly more serious now than a couple of years ago, but old timers say the present situation is a far cry from the last Emergency.

Mr. Leonard emphasised the strong economic base for foreign investment in Malaysia, Philippines, Singapore and Indonesia, as well as the more obviously successful economies of East Asia — Japan, Korea, Taiwan and Hong Kong. He thought an acceptable level of political stability existed in all these countries which offered a broad range of investment opportunities for a wide range of business.

## The End is Nigh

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## EUROPEAN NEWS



An Anglo-German "summit." From left: West German Foreign Minister Hans-Dietrich Genscher; British Prime Minister James Callaghan; West German Chancellor Helmut Schmidt; and British Foreign Secretary Anthony Crosland.

## Callaghan refers to close link with Bonn

By Nicholas Colchester

BONN, June 30.

MR. JAMES CALLAGHAN, the British Prime Minister, ended his talks with Chancellor Helmut Schmidt in Bonn to-day with a statement that might have been written by the Chancellor himself. Strongly the economic inter-dependence "that is so dear to Valéry Schmidt's heart," it left the clear impression that this visit had established a good relationship between the new British Prime Minister and the German Chancellor.

Mr. Callaghan stressed that this style of informal talk, to-gether with the recent State visit to Britain of President Giscard d'Estaing, "is definitely bringing us closer together." He immediately added that contact with the other European States was of equal importance and must be continued. Herr Schmidt underlined the fact that British employers and trade unionists had been present, along with representatives of Government, at the

talks. He thought that it was the first time that two European Parliaments and Britain's requirements had met on this broad basis. The British contingent consisted of members of the Bullock committee on industrial democracy which is currently in Germany studying the well-developed system of German Mitherrichtung and joint economic planning.

Herr Schmidt had already established a friendly atmosphere before the talks began when he reported to the German parliament. He said: "The encouraging progress in Great Britain towards a new social consensus between Government and Employers, which was received with applause in Puerto Rico, justifies the display of increased faith in the British coast in question."

This statement underlined the difference in atmosphere between the one that took place at the Chequers earlier this year. At that time the atmosphere was grainy. The two important European themes discussed to-day were

Reuter

## Portugal seeks 'Marshall Plan'

By PAUL ELLMAN

A BID to win European support for a "Marshall Plan" to rescue the Portuguese economy is expected to be made in Bonn by Dr. Mario Soares, the Socialist leader and the likely next Prime Minister.

Dr. Soares left here to-day for Bonn where he is to hold talks with Herr Willy Brandt and West German industrialists.

Herr Brandt has on previous occasions used his considerable authority over Germany's Social Democrats to convince Chan-

cellor Schmidt of the need to underpin the Portuguese economy.

Both Dr. Soares and General Antonio Ramalho Eanes, the winner of last Sunday's presidential election, have made no secret of their belief that the survival of Portugal's new system will hinge on economic recovery.

A Cabinet meeting taking place in Lisbon this evening was also expected to be dominated by unpopularity measures.

But, because the present caretaker coalition is expected to be replaced by a socialist minority Government before the end of this month, non-Socialist Ministers are said to be reluctant to identify themselves with unpopular measures.

While painting an optimistic picture of the economy as a whole, Mr. Hula also warned that the economy has entered a new stage developing "under more complex internal and external conditions than in previous years."

The labour force will remain virtually stagnant. Prices for imported fuel and raw materials

dominating the import bill have risen much faster than those charged for exports of manufactured goods, and it will be necessary to secure optimum utilization of imported raw materials, fuel and machinery, as well as to search for new ways to reduce foreign exchange expenditure in auto fields, Mr. Hula said.

Economic, scientific and technical co-operation with the Soviet Union will continue to remain of decisive importance for the stability and dynamic growth of the Czech economy.

Last week's strike and demonstration days ago, letter, revealed a serious split between the two countries. To-day's talks will place in the wake of Puerto Rico, where there was much greater understanding for the British position, and they clearly benefited from this.

The two important European

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ASSETS EXCEED £20 MILLION

## Non-Soviet Communists stress independence

BY DAVID LASCELLES

EUROPEAN Communists ended their two-day conference here to-day with firm statements of independence from several non-Soviet bloc parties, including the Yugoslav and Italian, but claimed that they had identified much common ground.

Mr. Leonid Brezhnev, the Soviet party leader, has therefore had his conference, though it has established looser rules for the Communist movement.

The 29 parties dispersed in mid-afternoon, several hours earlier than expected, having adopted a 10,000-word document laying down the principles governing relations between them and identifying common goals.

As expected, the document, thrashed out over 20 months and entitled "For Peace, Security, Co-operation in Europe," omitted all mention of the Russian leading role or of party obligations. Instead, it said participants would co-operate voluntarily in an internationalist spirit, respecting each other's equality and sovereign independence, and their right to choose their own road to socialism.

The Soviet Union is scarcely mentioned at all, and of China and other "heretics" there is no word.

Use of the word "internationalist" is a victory for the independent parties who resisted inclusion of the phrase "proletarian internationalism" — in Communist jargon, leadership from Moscow.

The document welcomes the success of Western parties in striking up alliances with social democratic parties. It also says that Catholics and other Christians have an important role in the struggle for democracy and peace, and it recognises the necessity for Communists to enter into dialogue and joint action with them.

This passage, presumably included at the insistence of the Italians and French, plainly legitimises the political tactics of these parties, though Mr. Brezhnev warned them yesterday not to forget that they were revolutionaries.

The rest of the document, which was adopted but not signed at the conference, is largely a restatement of last summer's Helsinki declaration on European security. It denounces in strong language all attempts

not to forget that they were revolutionaries.

There are also two provisions condemning fascists calling for the elimination of war.

demote, disarmament, reduction of the use of force, a

detente, simultaneous termination of the use of force, a simultaneous termination of NATO and the Warsaw Pact.

In demanding faster implementation of the Helsinki declaration, it calls for closer economic and scientific cooperation between East and West, strict observance of rights including those of workers and national minorities and the use of the mass in mutual acquaintance.

There are also two provisions condemning fascists calling for the elimination of war.

## Czech Plan looks for 5pc annual growth

By Paul Lendvai

VIENNA, June 30.

THE NEW Czechoslovak Five Year Plan, just approved by the Prague Parliament, envisages an average annual growth of 5 per cent during the 1976-80 period.

Industrial production will increase "at least" by 33 per cent, according to Mr. Vaclav Hula, the chairman of the State Planning Commission, who presented the Bill to both Houses of the Federal Assembly.

Farm output is set to rise by 14 per cent, compared to the average of the previous Five Year Plan. The main task is to achieve gradual self-sufficiency in grain output.

In contrast to neighbouring Hungary and Poland, Czechoslovakia apparently intends to maintain the price level unchanged. Mr. Hula announced that as in the previous plan the Government will pursue what he called the policy of stable retail prices for goods meeting the basic necessities of the people.

Real incomes of the population should rise by 26 per cent in the five-year period.

While painting an optimistic picture of the economy as a whole, Mr. Hula also warned that the economy has entered a new stage developing "under more complex internal and external conditions than in previous years."

The labour force will remain virtually stagnant. Prices for imported fuel and raw materials dominating the import bill have risen much faster than those charged for exports of manufactured goods, and it will be necessary to secure optimum utilization of imported raw materials, fuel and machinery, as well as to search for new ways to reduce foreign exchange expenditure in auto fields, Mr. Hula said.

Economic, scientific and technical co-operation with the Soviet Union will continue to remain of decisive importance for the stability and dynamic growth of the Czech economy.

Last week's strike and demonstration days ago, letter, revealed a serious split between the two countries. To-day's talks will place in the wake of Puerto Rico, where there was much greater understanding for the British position, and they clearly benefited from this.

The two important European

protests involving more general criticism of the trend in Polish domestic policies.

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proposals and suggestions that the Government needed several months to analyse them in detail. But, he added, the Government intended to reintroduce the proposals.

Protests against the proposals, which ranged from street demonstrations to the halting of the Paris-Warsaw Express, might have been construed as no more than signs of a "Sausage Revolution" by workers who have become accustomed to improvements in their standard of living. But there are signs now of protests involving more general criticism of the trend in Polish domestic policies.

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THE COLLAPSE of the Polish Government's plan to introduce

severe, if temporary, rises in food prices, has significant implications both for the régime of Mr. Edward Grelak and for the Polish

Government's intention to re-introduce the proposals.

It was evident at last Friday's factory floor meeting that the Government had not convinced the population that price rises, even compensated by wage increases, family supplements and pension rises, were acceptable.

The consultations, which the Government had hoped would go smoothly, had turned into stop-the-worker-party organisation's

protests and suggestions that the Government needed

several months to analyse them in detail. But, he added, the Government intended to reintroduce the proposals.

Protests against the proposals, which ranged from street demonstrations to the halting of the Paris-Warsaw Express, might have been construed as no more than signs of a "Sausage Revolution" by workers who have become accustomed to improvements in their standard of living. But there are signs now of protests involving more general criticism of the trend in Polish domestic policies.

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## HOME NEWS

# Tornado aircraft deal may be signed soon

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE PRODUCTION contract for the first batch of 40 Tornado Multi-Role Combat Aircraft is expected to be signed by the British, West German and Italian Governments soon.

The target date for signing the Memorandum of Understanding that effectively launches the production programme was yesterday, but it is understood that minor administrative problems have delayed this until early July.

There is no doubt, however, that the £450m. production programme for 80 Tornadoes over the next ten years is to go ahead. All the governmental clearances have been given.

The U.K. will be buying 385 aircraft (including 165 in the industries). Another 10,000 are specialised ADV Air Defence Variant), the West German

Air Force will be taking 322, and the Italian Air Force 100 aircraft.

Pending the formal authorisations, interim arrangements have been made to ensure a continued flow of finance for the venture.

The Tornado is the biggest military aircraft programme on this side of the Atlantic since the Second World War, and the biggest international collaborative venture yet in aviation, far exceeding the Concorde in cost and productive effort.

In the U.K., the Tornado programme will employ about 10,000 at the British Aircraft Corporation, about 6,000 at Rolls-Royce (1971), on the RB211-34 engine, and about 8,000 in the equipment industries. Another 10,000 are likely to be involved indirectly through sub-contractors.

With a similar number to be employed in West Germany, and some 10,000, in Italy, total jobs on the Tornado throughout Western Europe will amount to over 80,000 at the programme's peak in the late 1970s and early 1980s.

The development programme has been under way for some years, with seven of the nine prototypes now flying, and six pre-production aircraft being built.

As the biggest purchaser, the U.K. is bearing about 47.6 per cent of the cost and workload, with West Germany about 20 per cent and Italy about 12.5 per cent.

Development cost so far has been about £200m. The price of a production basic Tornado will be about £25m., while that for an ADV will be about £26.5m.

## More driving schools using foreign cars

BY KEVIN DONE, INDUSTRIAL STAFF

THE NUMBER of driving schools using foreign cars—mainly Japanese—has shown "a terrifying increase," according to the Motor Schools Association of Great Britain report out yesterday.

The Association is particularly concerned about the trend which has been developing since 1973 because of the tendency of new drivers to choose the make of car with which they became familiar in driving lessons when they make their first purchase.

After a survey of some 900 of Britain's 2,000 driving schools, the Association says that since 1973, the Datsun, Sunny, and Cherry models, among others, have also come to lead the field in use every day.

## Datsun, Skoda prices up

DATSON cars will be an average of 7.4 per cent dearer on Monday. This is the third Datsun price rise this year and the sixth in the last 12 months.

Skoda, the Czech car manufacturer, will increase some prices in Britain because of the further decline in the value of sterling. Skoda prices were raised six

months ago. Now those at the bottom of the range are affected because of stocks in Britain, but other models are increased by between £40 and £150 from today.

Also going up today are the prices of two Swedish-made Saab cars sold in Britain: the 99 GL two-door and four-door saloons with manual transmission. Skoda prices were raised six

## Warning of lower profits at Lloyd's

By Eric Short

A WARNING of lower profitability at Lloyd's was given yesterday by Mr. R. E. T. Hudson in his chairman's report to the annual meeting.

"The responsibility of the driving instructor (there are about 20,000 in Britain) is formidable and can have a very significant effect on the British motor industry."

That industry might well be exercised if the Government followed the pattern of some continental countries, and made a certain amount of professional driving instruction compulsory.

Apart from the influence on pupils, the driving schools themselves had some 25,000 cars in use every day.

## Seventy groups join Viewdata service

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

MORE THAN 70 organisations—including British Rail and the Financial Times—are arranging to take part in the pilot trial for the Viewdata service, the Post Office reported yesterday.

The number of information categories to be provided during the trial has risen to 30 with the addition of ten types of business data.

The Viewdata system allows news advertisements and other material to be called up over the telephone line for display on domestic TV sets and special business terminals.

The Post Office said yesterday that the system would make a huge store of information on subjects of interest and value available to all members of the public—adults and children at home or people at work in office, shop or factory.

But the Post Office may find it easier to develop a market for

specialist commercial and financial services before going for a wide general audience; one reason is that the cost of terminal equipment is likely to prove unattractive for private individuals in the initial phase of a public service.

This underlines the significance of the ten new "business" categories. In addition to the FT, which will provide a wide range of statistical data for the pilot trial, including the 30-share index, other participants include Reuter, Eritel, the Stock Exchange, the Institute of Scientific Information, and the Central Office of Information.

The pilot trial, which started earlier this year, is the first step towards a public service which could be operational within three years. The service will not be publicly available during the trial, though demonstrations are being made regularly at shows and exhibitions.

## ● NEWS ANALYSIS SHIPBUILDING

# SNP second thoughts

BY RAY PERMAN AND JOHN WYLES

MR. MICHAEL FOOTS under-taking in the Commons on Tuesday night to see if a Scottish entity could be provided by the Government, the nationalised shipbuilding industry may have struck a bargain.

The details remain to be resolved in further reorganisation worked out before the Bill in 1972 around Yarrow Shipbuilders and Govan Shipbuilders.

It is most unlikely that the Government intends to accede to the Scottish National Party's formal demand for a separate Scottish Shipbuilders corporation which has been tabled as an amendment to the Bill. This would merely compound the difficulties, and probably the cost, of administering an industry whose problems over the next few years promise to be more severe than most.

Behind the Government's decision to make a concession to the 11 SNP MPs, to persuade them to abstain on the vital vote, lies a history which may owe as much to political as well as to industrial considerations.

## Denials

Since the Scottish Nationalists voted with the Tories against the Bill on May 27, the Scottish TUC and shop stewards from Scottish yards have kept up pressure for the legislation.

The rate of inflation in the UK has risen steeply during recent months.

The Department of Industry's index of materials and fuel purchased by broad sectors of industry, the Monitor points out, rose 2 per cent in May, after an increase of 4 per cent in April alone. "More rises like this was attributed in official circles to the decline in the value of sterling against major world currencies."

"Manufacturers' output prices rose by 4.5 per cent in May, according to other official statistics—which suggests a rate of increase in excess of 1 per cent a month in factory gate prices during recent months."

It was this underlying trend in basic manufacturing costs which probably largely lay behind the summer. "Recent indicators from the Government have suggested that basic input costs have

risen steadily during recent months."

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Despite denials yesterday to the contrary, it is a fair bet that some Nationalist MPs began to have second thoughts. Against the heady feeling of being within an act of bringing down the Government, the SNP had to balance the possible damage to its attack against the Labour Party in industrial west of Scotland.

It is difficult to see how such autonomy could be reconciled with British Shipbuilders' responsibility for planning the future of the entire industry. Clashes of interest could develop while Scottish shipbuilding managers have to deal with two bureaucracies instead of just one.

It is the bones of the deal began to be picked out last week when the Nationalists met Mr. Gerald Kaufman, junior Minister at the Department of Industry, to explain what they wanted in terms of separate Scottish divisions of the nationalised shipbuilding and to any radical improvement in ships.

## Loss

The Scott Lithgow group, which includes ship repairing and marine engine building among other activities, is a private company not given to public revelations about its financial status. Led by the energetic and resourceful A. Ross, the company has worked hard to make a success of the amalgamation between Scott's Shipbuilding and Lithgows Limited on the Lower Clyde and is unlikely that it has ever recovered losses suffered after formation in the late 1960s.

Instead of rising from the ashes of UCS, Govan Shipbuilders is still lying amid the embers, having lost £9.5m. last year. Only £12.5m. remains of the £39.2m. earmarked by the Government since its launch in 1972 and half of this residue is earmarked for a yard development programme.

The prospect facing Scottish shipbuilding is grim. The industry south of the border and no political party should pretend that the industry as a whole or any regional segment can be wholly sheltered from the effects of a sharp contraction in world demand for ships.

# The Busy Bee and the Well-Meaning Wasp



**A moral story for Free Enterprise week**

Once upon a time, there lived a Busy Bee, who worked all day to feed her family.

In the same meadow, there also lived a Well-Meaning Wasp, who was interested in the Brotherhood of Insects, the Redistribution of Honey, and other things of that kind.

He didn't, you understand, produce any honey himself—privately, he thought that honey was the root of all evil—but he was full of ideas about where it should go. (And not all of them were bad, at that.)

"Bee" said the Well-Meaning Wasp, one year, "what about handing over some of your surplus honey for the benefit of the less fortunate insects of the field?"

"Far enough," said the Bee; and made a useful contribution.

Next year, the Well-Meaning Wasp was back.

"Bee" he said, "administrative costs have risen something rotten, and the meadow economy is in a bad way—thanks entirely to the mismanagement of my predecessor, you know—so how about a few more combs this year?"

The Busy Bee thought about the honey her family would need for food that winter. Then she looked at the Wasp, who was stroking his sting on a handy pebble. "All right," she said, "I suppose we must all tighten our belts."

Next year, the Wasp (who looked a little fatter, somehow, these days) had a distinctly menacing glint in his eye.

"Bee, Bee," he said, "me and the lads didn't think much of last year's honey. What's more, we've had to take on more staff to advise on sharing it out. You produce a double quantity this year—or we'll take over your hive for you."

"Well," said the Bee, "you can't have the bees you need to produce honey, unless you've saved up some honey from the year before. And you did take rather a lot, last time."

"Honeyist nonsense," growled the Wasp, going Pink. "I'll tell you that as Insectary Of State For Honey, I can take as much as I jolly well want. You double your production, or I'll start blaming you for everything that goes wrong in the meadow."

"So what else is new?" thought the Bee, sighing to herself.

She returned home. There was nothing to eat. Her disillusioned family were out at the pictures (there was a bee-feature showing that week). And by the time the Wasp returned to collect, she had retired to a beasium in a nervous and overtaxed condition.

AND THAT YEAR, NOBODY GOT ANY HONEY—NOT EVEN THE WELL-MEANING WASP.

MORAL: Any child knows enough not to kill geese that lay golden eggs, but some politicians still haven't caught on.



**Published by Taylor Woodrow, who can't help thinking that the less we interfere with free enterprise, the more problems we could solve for everyone.**

## Hambro Life net profit was £3.1m. in 1975

BY CHRISTOPHER HILL

AMBER LIFE, Hambros Bank's amount of single premium business which seems likely to be a Stuck-Fastener guarantee next month, has disclosed in its report for 1975 that its net profit for the year was £3.107m. compared with £2.038m. in 1974. The year saw a sharp increase in revenue, premium income up 14.8 per cent, and a reduction in the end group assets of £33.5m.

## Major Notts coal find

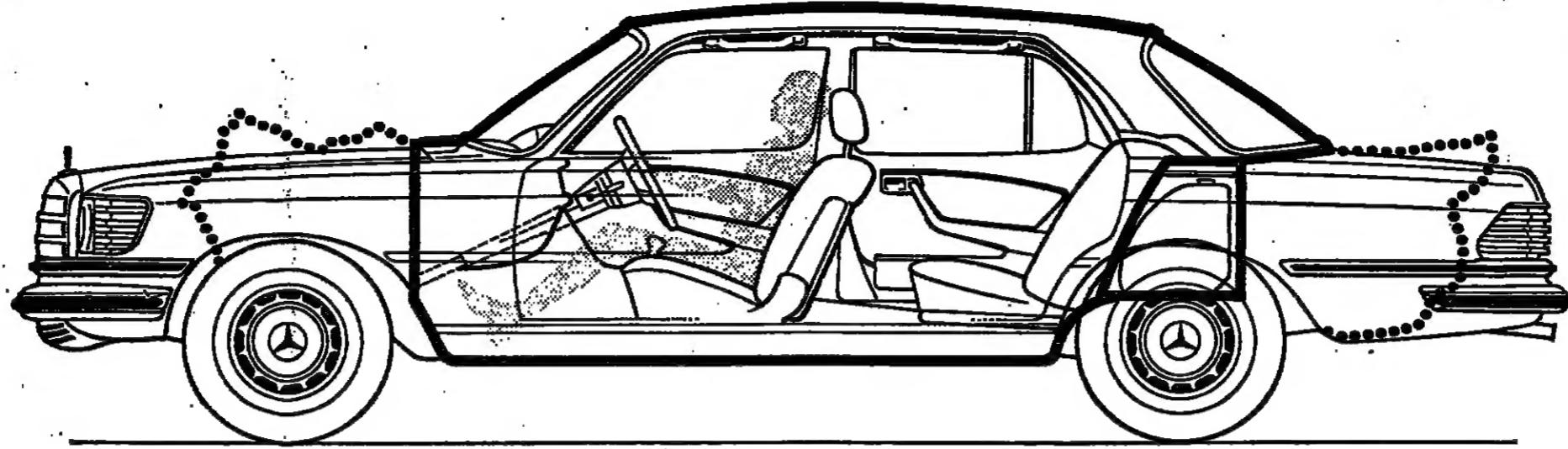
By Our Sheffield Correspondent

THE NATIONAL Coal Board said yesterday that it has found more than 350m. tons of coal reserves in a 40 square mile coalfield South of Nottingham. Some of the coal is less than 20 miles from Britain's biggest coal-fired power station complex.

Mr. Donald Davies, NCB area director in South Nottinghamshire, said yesterday that the Board had not yet made any commitment on the location, size or type of colliery to tap this coal. A decision is likely within the next year.



# As we invented the car we feel a special responsibility for its safety.



Safety was probably the last thing on Karl Benz's mind when he put the world's first car on the road in 1886.

Today, with around 250 million vehicles crowding the world's roads, it's a completely different story.

Safety is a priority.

But unlike many car manufacturers, who have been forced to go back to the drawing-board and re-think their attitude, safety has been a Mercedes-Benz feature for over 40 years.

We don't think our lead is something to be particularly proud of. Car safety shouldn't be competitive.

We maintain every car should be as safe as a Mercedes. And that every car should be based on our concept of total, integrated safety.

**Every Mercedes is built around a central safety feature.**

In 1951 we patented the world's first passenger safety cell. We then spent a further eight years perfecting it. And ever since it's been a reassuring feature of every Mercedes.

With impact-absorbing crumple-zones front and rear, reinforced pillars and roll-over protection in the roof.

It gives Mercedes drivers the kind of all-round safety to which we believe all drivers are entitled.

Progressively we've pioneered and developed every other kind of 'passive' safety asset. From the collapsible steering column, burst-proof locks, deformable, non-splintering materials, right down to the specially sprung three-pointed star on the bonnet.

Many of them have been Mercedes safety firsts we've been happy to see other manufacturers quickly adopt.

On most of our models we've even protected the petrol tank with a formidable steel shield. Because we feel that, if the worst should come to the worst, driver and passengers should stand the best possible chance of survival.

**A Mercedes is designed to avoid trouble as well as survive it.**

Nobody likes to talk about accidents and injury. Least of all us.

That's why you'll discover a Mercedes is equally strong on 'active' safety. (The phrase itself is another Mercedes safety original.)

Precise handling, confident road-holding, zero-offset steering, all-round visibility, dirt-resisting lights, rain-diverting channels, ergonomically designed controls—they're all Mercedes advantages that help make you a more relaxed, safer driver.

Altogether you'll find that a Mercedes car incorporates over one hundred of these 'passive and active' safety features.

We don't think anyone will ever succeed in building the absolutely safe car.

There are too many uncontrollable variables. Like the roads, like the driver.

But we'll never stop trying. Because, ultimately, we realise that the day we stop trying is the day people will stop preferring Mercedes-Benz.

Mercedes-Benz. The way every car should be built.





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## • INSTRUMENTS

### Pneumatic to electric converter

CONTINUOUS conversion of pneumatic signals of 3 to 15 psig (0.2 to 1.0 bar) into signals of 4 to 20 mA can be done with the Philips PR 9363 signal-transmitter.

Pneumatic pressure applied to the transmitter displaces a strain-sensitive silicon-doped diaphragm which produces an output proportional to the pneumatic pressure. A built-in amplifier produces a standard normalised 4 to 20 mA output signal.

Simple construction, which is short-circuit and open-circuit proof, and easy installation with no balancing, adjustment, calibration, or reverse polarity protection are characterised. Designed for standard DIN rail mounting with simple snap-on connectors, several transmitters can be assembled as one unit with a common unbalanced dc power supply—the electrical power being supplied by a bus-bar.

The transmitter is constructed entirely from non-corrosive materials and is of a compact design (25 x 40 x 113 mm).

Pye Ether, Caxton Way, Stevenage, Herts. Stevenage 4422.

### Measures small air pressures

MICROMANOMETERS for accurate measurements of small air pressures have been developed by Orkney Manometers of Stirling, Scotland.

These new instruments also weigh the thrust exerted by pressure on a piston, which in such devices takes the form of a tubular aluminium bell dipping into an inert liquid seal. The weighing balance uses an optical projection system to give a direct read-out of the applied pressure.

The instruments combine the experience gained by Orkney in weighing gas, water and oil pressures, usually of small differentials in situations of high line pressures, with the development by Dr. M. R. Head of Cambridge University Engineering Department, of an attachment which could be added to a chemical balance to measure extremely small pressure differences associated with low-speed wind tunnels. The new devices greatly extend the measuring range of each instrument and they are direct reading.

Each instrument is a fundamental or "primary standard" device since calibration depends directly on measured physical dimensions of piston tubes and Teletype was born.

Still under development, but which are readily traceable to National Standards. The specific gravity of the sealing liquid is

### • ELECTRONICS

#### Hand-held terminal

WHEN AN engineer at National Semiconductor noted that a printed circuit board carrying a microprocessor and its associated basic elements (PROM, RAM, etc.), would fit into the case of a pocket calculator, the dimensions of piston tubes and Teletype was born.

Still under development, but

expected to be on the market in about a month, it can to a

teletype-

writer terminal for some applications, in particular for design and logic engineer, and eliminated.

Over the various ranges offered, absolute accuracy is known to levels of between  $\pm 1$  per cent and  $\pm 0.01$  per cent of reading, with discrimination and repeatability frequently being an order of magnitude better even than these values.

Uses include the calibration of precision manometers in which a glass scale hangs in water from a float, or the devices using a quartz tube helix with photocell follower, both of which devices have been shown to be more prone to sticking and deviation from linearity than was previously realised. Transducers may be calibrated with an ease and an accuracy not previously available, or the instruments may be used direct on line for precision air pressure measurement.

Further from Orkney Manometers, Drummond Lane, Stirling FK8 2JF. Stirling 4847.

### Tests level of dust

DETERMINATION of respirable dust particle levels in mining and similar dust-laden environments can be carried out with an instrument available from Carboeqen. The Technical Centre, Jefferson Way, Thame, Oxon, OX9 3UN. (084421 2671).

Battery operated, the unit weighs 6 lb. It gives mass concentrations in milligrams/cu. metre as a digital display following a sampling time of a few minutes. Different sensitivity ranges from the factory pre-set level can be obtained by adjustment of the sampling time.

The instrument, the RDM101 measures the amount of radiation from a 100 microcurie beta source which is absorbed by dust particles collected on an impactor stage. The rechargeable batteries permit 200 60-second measurements during a typical 8-hour work shift. The impactor is replaced or cleaned at the end of the shift.

Yesteray, the company took state-of-the-art a long step forward with the twinned HP-87 and HP-87, which have identical functions, instructions and software but differ in that the HP-87 has its own built-in thermal printer—itself a new development.

Both are "four times as powerful" in terms of speed, capacity, size of problem which can be handled, etc., than the HP-85. But what is more significant from the viewpoint of the buyer is that the company's sales staff has realised that many buyers are not making full use of the programmable machines, either because they do not need all available capabilities or do not have the expertise to make full use of them. The word "expertise" is the key: in the two new machines and third, to be described shortly, the designers and programmers have been at pains to make them much easier to use.

By the end of this year there will be ten of these packages in a variety of European languages, running from maths and statistic

### • CALCULATORS

#### Power easy to use

HISTORY WAS made in hand-held calculators by Hewlett-Packard some two years ago with the first magnetic strip programmable machine—the HP-85.

Compared with the cost of a teletypewriter terminal, the Teletype was born. The price is very cheap—about £150.

More details from National Semiconductor (U.K.), 19 Goldington Road, Bedford, MK40 3LF. (0234 212623).

### • PLASTICS

#### Tanks for the Arabs

SIXTEEN 75-cubic-metre tanks for eight diesel generators being built in the Arab Emirates are being supplied by Falmarine Inc.

Plastics, Kersick Road Industrial Estate, Peterborough, Cambridgeshire PE2 8QZ, under a contract £115,000 from the manufacturer, ASE, Västera-S

te. Eight tanks are the tank designed, automatic mist and foamers set up, and tanks completed. D started in mid-May and be completed by the end of June.

The tanks are in a group using a glass reinforced in two directions (this is the only part of the structure applied by

the base, top and sides of the tanks are each formed from segments, the heaviest weight only 114 lbs. The tanks have designed to be erected men in 4 hours, using spanners, and are set aggregate bed covered inches of rolled sand. N foundation is required.

Significant in the new CMG programme is the comment by Brian Mills, one of the founder members of CMG Computer Management Group.

First facility to be offered is a visual display-based data collection system or DCS. For this and other future developments in the service the company already has placed orders for £250,000-worth of terminal equipment. Further orders will

be placed soon and the bulk of new equipment will be TD800 visual displays and TC800 and 1500 terminals from Burroughs.

The second offering consists of a small group of VDUs and a connected printer and other linked stand-alone printer. This will have valuable some 300m. bytes of disc storage. It will be up and running by the end of the year.

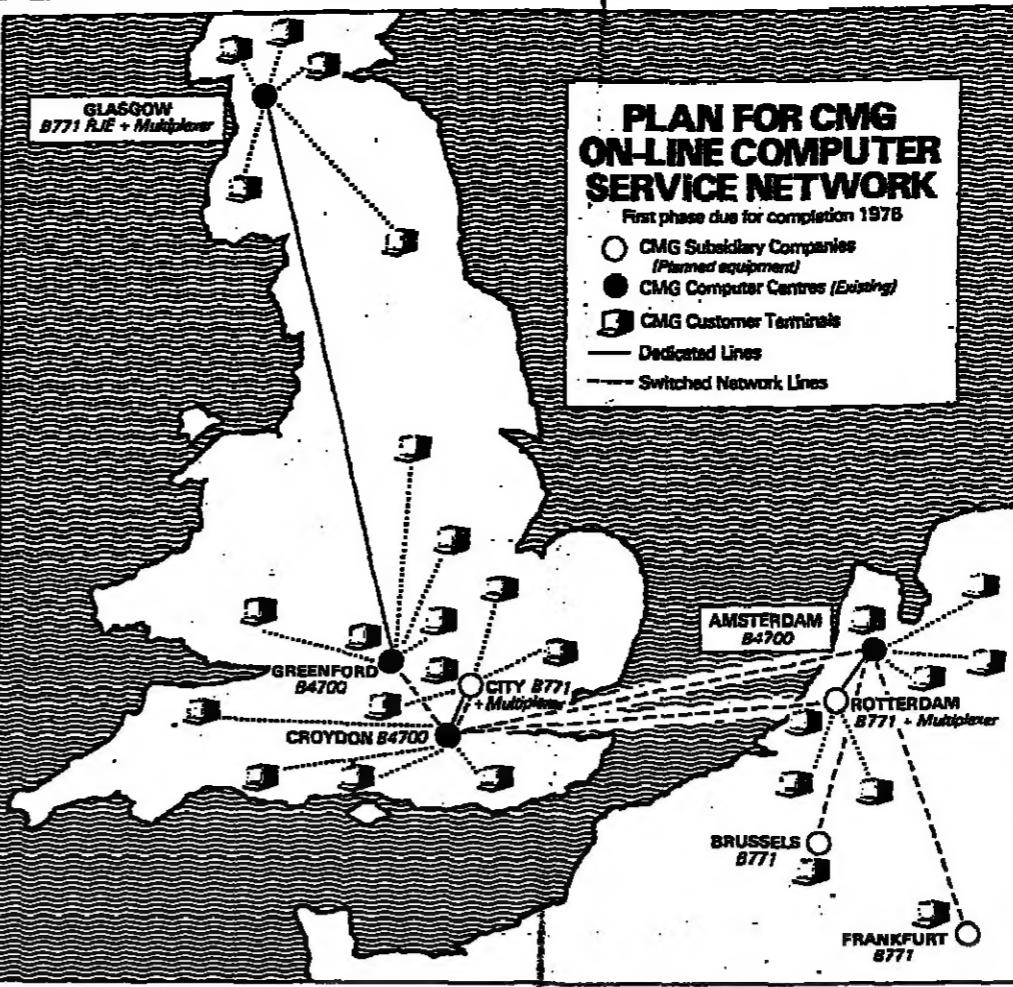
The next move is the launching of a big on-line system able to support a number of users each one of whom will operate 16 to 10 terminals per site with

a linked stand-alone printer. This will have valuable some 300m. bytes of disc storage. It will be up and running by the end of the year.

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### PLAN FOR CMG ON-LINE COMPUTER SERVICE NETWORK

First phase due for completion 1978  
 CMG Subsidiary Companies  
 CMG Computer Centres (Existing)  
 CMG Customer Terminals  
 Dedicated Lines  
 Switched Network Lines

We pay for your st until you need it

GKN STEELSTOCK

## • PLASTICS

### Tanks for the Arabs

SIXTEEN 75-cubic-metre tanks for eight diesel genera

tions being built in the Arab Emirates are being supplied by Falmarine Inc.

Plastics, Kersick Road Industrial Estate, Peterborough, Cambridgeshire PE2 8QZ, under a contract £115,000 from the manufacturer, ASE, Västera-S

te. Eight tanks are the tank designed, automatic mist and foamers set up, and tanks completed. D started in mid-May and be completed by the end of June.

The tanks are in a group using a glass reinforced in two directions (this is the only part of the structure applied by

the base, top and sides of the tanks are each formed from segments, the heaviest weight only 114 lbs. The tanks have designed to be erected men in 4 hours, using spanners, and are set aggregate bed covered inches of rolled sand. N foundation is required.

Significant in the new CMG

programme is the comment by Brian Mills, one of the founder members of CMG Computer Management Group.

First facility to be offered is a visual display-based data collection system or DCS. For this and other future developments in the service the company already has placed orders for £250,000-worth of terminal equipment. Further orders will

be placed soon and the bulk of new equipment will be TD800 visual displays and TC800 and 1500 terminals from Burroughs.

The second offering consists of a small group of VDUs and a connected printer and other linked stand-alone printer. This will have valuable some 300m. bytes of disc storage. It will be up and running by the end of the year.

The next move is the launching of a big on-line system able to support a number of users each one of whom will operate 16 to 10 terminals per site with

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# 20 sensible questions you asked about Asbestos and health. And the answers.

## 1 What are the risks of my getting an Asbestos disease?

The risks are almost always confined to those who worked extensively with asbestos some years ago - before present safety regulations were introduced.

Asbestos only becomes dangerous when the dust is breathed in excessive amounts, generally over a long period.

It can damage the lungs and interfere with breathing; this is a disease called asbestosis, which can lead to a greater risk of developing lung cancer, particularly when associated with heavy smoking.

Some people may develop a rare cancer called mesothelioma. Of all the cancer deaths in the country only 0.14% are due to this disease, which can develop without any link with asbestos.

Where there is a link it is mainly associated with blue asbestos fibre, which is no longer imported.

Most asbestos related diseases are the result of high exposure to asbestos dust in working conditions which are no longer allowed by law.

## 2 How long do Asbestos diseases take to develop?

Most asbestosis cases are diagnosed 15-20 years after first exposure.

Mesothelioma has developed between 15 and 50 years after exposure to dangerous amounts of asbestos dust.

People suffering from asbestos diseases today were thus almost always exposed many years ago to working conditions which are no longer allowed.

## 3 Is it just the dust that's dangerous?

Yes. Asbestos-containing products in themselves are perfectly harmless.

The only risk is when fibres are released in quantity, for instance by intensive cutting or abrasion.

## 4 What are the advantages, if any, of asbestos?

Asbestos combines several vital properties in one economic substance.

It resists fire, heat and corrosion. It's strong and long lasting, even though it is extremely light and flexible.

As a reinforcement it gives these properties to other materials e.g. in brake linings it withstands the heat generated by braking.

## 5 How can I recognise Asbestos products in my home?

It isn't always easy. Asbestos fibres are usually mixed with other materials - such as cement and various resins - which seal them in, but can make them hard to recognise.

Because asbestos resists fire and heat, it's used in insulation board, ironing board stands and oven door seals.

Asbestos cement sheeting is weatherproof, too, so it's often used to roof garden sheds and garages. And asbestos is used in your car brake and clutch linings. In the past it was sometimes used to lag tanks and pipes.

## 6 What is the Blue Asbestos I've heard about?

Blue asbestos fibre (crocidolite) is a rare form of asbestos that's exceptionally strong and acid resistant.

It is, in some instances, considered more dangerous than white asbestos, and has not been imported since 1970. Before that it was used for sprayed insulation and pipe lagging.

## 7 Are there any tests that detect Asbestos dust in the air we breathe?

Yes. Tests for detecting dust in the atmosphere are carried out regularly by the asbestos industry, through the Asbestos Research Council, other research organisations and public authorities.

The results indicate no health hazard to the general public.

## 8 Is there Asbestos dust in the air from car brakes?

Asbestos, combined with various additives, is used in car brakes for efficient stopping-power, strength and heat-resistance.

Only 1% of the tiny amount of brake dust released is asbestos, and asbestos levels in traffic are usually a million times lower than the level allowed in factories.

## 9 Is the asbestos on my ironing board dangerous?

No. The only asbestos in your ironing board is in the stand for the iron at the end.

Hard iron stands (the sort found on most modern ironing boards) present no hazard as they do not wear out.

Some older ones were made of a softer material, however, and may fray.

The amount of dust released should not be dangerous, but obviously, it is sensible to replace a worn stand.

## 10 My husband is a do-it-yourself fan. What should he know about Asbestos?

The asbestos industry has published a leaflet for the home handyman, which gives simple do-and-don't rules about working with asbestos products.

By the end of the year, most asbestos products in the shops will carry a special symbol.

At the bottom of this page, you'll find the Asbestos Safety Code.

Why not cut it out and keep it handy?

## 11 What should I tell my children about Asbestos?

There's no need to alarm them: simply tell them that, like petrol, gas and electricity, asbestos does a great deal of good - for example in fire protection.

But, like petrol, gas and electricity, it can be dangerous if not used properly.

## 12 Are older people more likely to get Asbestos diseases?

No. Age itself does not appear to affect anyone's susceptibility to asbestos-related diseases.

Some older people may have been exposed to asbestos dust at work, before the present safety legislation came into force.

## 13 What should I do if I think I have an Asbestos disease?

There are many causes for breathing difficulties.

However, if you think you have been heavily exposed to asbestos dust more than fifteen years ago, and you have trouble with your breathing, you should consult your doctor.

## 14 Can Asbestos cause skin cancer?

No.

## 15 What if I swallow Asbestos?

There is no evidence that swallowing a small amount of asbestos fibre has ever done anyone any harm.

## 16 Can I catch Asbestos diseases from someone else?

No. They are neither contagious nor infectious.

## 17 How should I dispose of Asbestos?

For industry, there are special regulations for asbestos waste disposal.

If you work on asbestos products at home, damp any dust you may make immediately, and seal it in a plastic bag for disposal.

## 18 What can I use in place of Asbestos?

Glass fibre, rock fibre and mineral wool may be used for some insulation products.

However, asbestos is indispensable for many applications. And for many others, it is still the cheapest and most efficient material.

## 19 Why has there been no Government statement about the dangers of Asbestos?

There have in fact been several Government statements on asbestos and health over the last 50 years.

Legislation controlling asbestos factories was introduced in 1931. More comprehensive asbestos regulations came into force in 1970.

This year, an Asbestos Advisory Committee was set up by the Secretary of State for Employment; this committee is reviewing the health risks for workers with asbestos products, and for the general public, to see if any further protection is needed.

## 20 Can Asbestos be used safely?

Yes. Any risk comes from careless working on asbestos products which can cause you to breathe too much asbestos dust.

So read the Safety Code below. And if you have any further queries, please send us the coupon. Our address is:

The Asbestos Information Committee, P.O. Box 4QS, London W1A 4QS.

### The Asbestos Safety Code

Avoid creating asbestos dust.  
Avoid breathing asbestos dust.

#### AT HOME

1. Damp the work if you think you are likely to make a lot of dust: wet dust does not become airborne and is not inhaled.

2. Damp any dust that falls to the floor and pick it up as soon as possible. Place it in a plastic bag and seal the bag.

3. Work in a well ventilated space, if possible outdoors, when sawing, drilling, filing or sanding.

4. Use hand saws and drills where possible: these produce less dust than power tools.

5. Renew worn or frayed asbestos insulators like oven door seals, hot plate cover seals, ironing stands and simmering pads.

AT WORK: If your day-to-day job involves asbestos, you should already have been issued with instructions and, if necessary, appropriate safety equipment.

ALWAYS FOLLOW THE SAFETY PROCEDURES.

To: The Asbestos Information Committee, P.O. Box 4QS, London W1A 4QS.

Please send me further information on asbestos and health.

(If you have a particular query, please print it in the space below.)

My query:

Name: \_\_\_\_\_ Address: \_\_\_\_\_

1/107

The Asbestos  
Information Committee

# BOOKS

## From Agincourt onwards

BY C. P. SNOW

**The Face of Battle** by John Keegan. Jonathan Cape, £5.50. 382 pages

**The War Lords** edited by Sir Michael Carver. Weidenfeld and Nicolson, £10.00. 634 pages

None of us can afford not to be interested in war. Ignorance of all to do with it has done our kind of society much harm. Some of our grosser political mistakes have happened because of that. I will go further and repeat what I have written before. A society which is contemptuous of the military virtues is on the skids.

That is not to say that war, real war, war which men have had to fight, is not a hellish exercise. Mr. Keegan's *The Face of Battle* is — for once the superlative ought not to be qualified — the most brilliant evocation of military experience written in our time. That title is exact. It both sets out to show what battles have really looked like. The result is utterly authentic, and not at all pretty.

Mr. John Keegan was born in 1934, and emphasizes that he has never been in a battle. For his professional purposes this is a deprivation. He is a senior lecturer at Sandhurst, and the young soldiers are wonderfully lucky to be taught by someone with such historical insight and imagination. But he is conscious

of what he doesn't know, and that is some of the impulse behind *The Face of Battle*. He has taken three set-piece battles from the English record, Agincourt, Somme, and has used all his energy to live the battles as though he had been present in the existential flesh.

For a medieval battle, Agincourt is well documented, and there isn't much disagreement about what happened, though it was, on the French side, grotesque. The English, tired, hungry (Shakespeare read his sources with attention), only a few thousand of them, were marching to Calais to dismember.

A large French feudal army stood in the way. The night before the battle must have been harsh for the English troops, though Mr. Keegan hints that lack of food and sleep can be anaesthetising against fear. So can alcohol, but they hadn't quite the accessories at Waterloo of religious observances. They had plenty of them.

The battle on St. Crispin's day (the Church of England is apparently going to disestablish St. Crispin) is realistically embodied by Mr. Keegan. Hours of waiting: then arrows whistling regiments running from the field

among the hubbub: the rate-of-fire of the arrow cloud; the keeping in the mode of duty as usual, until night, a fair number of men successful military figure of jeer at them, the substance of arms and dismounted, getting into a search of foot. It is all actual them all, and also on Koniev. Mr. Keegan's book, *What action Tolstoy's reconstruction of Borodino*.

The same with July 1, 1916 on the Somme. But there we are near enough for the neutral mind to obtrude into the physical experience — why in God's name wasn't there some serious quantifiable thinking about the effect (or rather lack of effect) of the (otherwise) bombardment? As Blackett used to say, you can't run war on general emotion, but the First World War, on our side more than the German, was so run.

At Waterloo the English troops were once again cold and hungry. The battle was fought at midsummer, but the night before the First World War, on our side more than the German, was

Lewis' on Montgomery. Though where did the curious idea arise that Montgomery was totally uninterested in literature? Anything he said about books, though not specially ennobled, was very fine, and so is Ronald Sprague by Henry H. Adams.

Second,

it hits one in the eye.

This story is in essence a true one, the names "Anna" and "David" being pseudonyms. It is an appalling, devastating tragedy with no false attempt at any up-beat at the end. I read it for the second time immediately after closing it for the first, and it is something I rarely, if ever, do.

Christopher Foxley Norris is perceptive about Tedder, a difficult subject, and Gavin Lally is funny on Trenchard and Dowding. On the whole, all men, apart from Tedder, don't emerge well from this fairly heavy-weight competition.

Two reflections emerge among

many.

First, there is a cant

judgment, very popular among

playwrights, that military com-

manders are (a) extremely

stupid, (b) have never shared,

and don't understand, the suffer-

ing of men they send to die. That

is crass. Most, though not all,

of these commanders were more

than average clever. Nearly all

were very brave and had fought

as junior officers. They would

not be responsible.

The American admirals,

especially Nimitz and Sprague,

are among the dominating

figures in the book. As a fighting admiral, Cunningham might

hold his own with Halsey, but

the other two Americans stand

out as different in kind and

calibre from any naval com-

manders of the century. It

makes one feel deficient in

knowing so little about the

Pacific war.

David is passionately in love

with her, with love that her

dreams freeze and fester

but do not dream. He has

to care for her

and for their two young

children, ever watchful for

the moment of another breakdown

during which she will be fit

for the care of nobody. Taking her

to the new doctor, he finds her

halking, terror-stricken, at the

idea of going by tube or taxi;

her father-in-law, she believes,

is lying in wait for her. She fan-

atic herself pursued by the CIA,

threatened by the IRA and by

the oncoming Chinese. During

such spells, she is beyond the

reach of any sort of reason. Be-

fore the new analyst, she hurries

down the silk pyjama suit and in that book, the hair

earrings given her by the same

not mad, the doctor

is

burnish the Chinese

Russian influence in

the third world.

The tale of the railw

ay



## LABOUR NEWS

## Plans to scrap road tax still under review

BY DAVID CHURCHILL, LABOUR STAFF

MR. PETER SHORE, Environmental Secretary, last night told Civil Service union leaders that proposals to scrap the £40-a-year road fund licence were still being considered by the Department of Environment.

Representatives from the Society of Civil and Public Servants and the Civil and Public Services Association told Mr. Shore at the Commons to protest at the plan to axe some 3,000 staff responsible for administering the tax mainly at the Driver and Vehicle Licensing Agency in Swansea, South Wales.

Mr. Shore's confirmation that scrapping the road tax was still being considered contradicted a statement by Mr. Denis Healey, Chancellor of the Exchequer, late last week that the Treasury had rejected the proposals because of the extra 20p which would have to be added to petrol prices.

No Cabinet decision had yet been taken on which option to cut costs would be implemented. These cuts are being considered as part of the £140m planned reduction in Civil Service expenditure over the next two years.

A written request that Mr. Shore personally meet the Swansea staff whose jobs are threatened was being considered.

Mr. Campbell Christie, SCPS Assistant General Secretary, said last night that the fact the Swansea cuts were still being

## £6 limit is defeated by 30-year-old ruling

BY OUR LABOUR CORRESPONDENT

THIRTEEN FOREMEN of Midlands engineering factory have won an extra £13.50 a week, more than double the 25-a-week limit, thanks to a 30-year-old Government ruling covering payment for workers doing Government contracts.

The foremen, members of the Association of Scientific, Technical and Managerial Staffs, employed by Wickham Wimet of Wolverhampton, were awarded £7.50 a week rises backdated to January by the Central Arbitration Committee. This is in addition to 16-a-week increases payable from last October.

This is not the first time that ASTMS has used the 1946 Fair Wages Resolution to secure large increases for its members during a period of wage restraint. In April the Central Arbitration Committee awarded £11.50 a week to eight ASTMS members at a Midlands aircraft factory. The men had been on strike for six days because, they said, the failure of the parties to agree was a threat to their job security.

## Peace talks in safety row at power station

BY DAVID CHURCHILL, LABOUR STAFF

FRESH talks are to be held tomorrow in the safety dispute which has delayed work on the £200m power station under construction at the Isle of Grain, Kent.

This follows the refusal yesterday by nearly 1,000 strikers to return to work after receiving an ultimatum from the site contractors that they would be dismissed if the strike continued.

The strikers, mainly construction workers in the Amalgamated Union of Engineering Workers, are supporting 28 scaffolders dismissed for refusing to work close to glass fibre materials without protective clothing. The scaffolders fear that the type of material used to lag the power station's boilers could cause cancer.

Their fears follow a similar dispute earlier this year when boiler ladders on the site demanded free overall because of the material used. Although this dispute was resolved, the site contractors involved this time are reluctant to provide free overall but are willing to lend scaffolders the money to buy them.

## 'Stronger NUJ' step at Telegraph

BY OUR LABOUR STAFF

NATIONAL UNION of Journalists members in the London office of the Daily Telegraph have voted 135-35 in support of proposals designed to strengthen the position of the union there.

They agreed in a ballot declared yesterday to seek sole bargaining rights, 100 per cent post-entry union membership and payment by non-members of the equivalent of NUJ subscriptions to charity.

The NUJ executive has to approve the proposals before

## Leicester company sacks one in three

PARTRIDGE WILSON, makers of electrical equipment, of Leicester, which is part of the Westinghouse Brake and Signal Company, is to make one-third of its workforce redundant.

The company says that 120 of its 350 workers are to go by September 1 and these cuts mean that more than 400 workers have been dismissed since January, 1976.

Announcing the redundancies, which are right across the Board, the company says they are needed to ensure future viability.

## Threat to Weir Pumps plan

By Our Glasgow Correspondent

THE OPPOSITION of 5,000 workers to a planned factory closure is jeopardising a £3.5m investment programme by Glasgow based Weir Pumps, designed to make it competitive overseas.

The company, a subsidiary of the Weir Group, wants to shut its smallest plant at Yoker, near Clydebank, and transfer the workload to its bigger Cathcart works on the other side of the city.

## PAY POLICY WHITE PAPER STRESSES HOPES OF ECONOMIC RECOVERY

# Inflation can be halved again

Recent exchange rate movements have delayed progress in the fight against inflation, but the Government should still achieve a further halving of the inflation rate by the end of next year, the White Paper, *The Attack on Inflation: The Second Year*, said yesterday.

It is bound now, continues the document, to take somewhat longer to reach the target of reducing the year-on-year increase in prices to single figures by the end of this year.

In its first 14 paragraphs, the White Paper reiterates the need to bring inflation under control in order to create a "strong economy and a fair society" and reviews the progress towards these ends since last July.

The world economic recovery, it says, gives Britain its best opportunity as a trading nation for many years and industry — especially manufacturing industry — must be made more able to respond to new opportunities.

"That means putting more into new productive investment in order to create the conditions for future improvements in living standards and public services; that investment has to take priority over any increase in other public or private spending for the next few years."

**Dangers**

The understanding of the dangers of inflation which the British people have shown is described as the Government's "greatest strength in tackling the problem."

An *undertaking* is given that the Government will continue to consult trade unions and the public generally.

As part of the social contract the trade union movement has been more closely associated with economic management than ever before and among the fruits of this had been "the success of the first year of our attack on inflation, a dramatic improvement in industrial relations and the beginnings of a new spirit of co-operation in British industry."

The inflation rate had been more than halved since last July and the rate for the first six months of this year was likely to be well under half the rate for the same period last year.

Without the £6 policy, which had put the country in a "very strong position" to benefit from the recovery in world trade, the achievements so far would not have been possible.

All the signs are, adds the White Paper, that exports are growing much faster than the 10 per cent annual rate which he envisaged by the Chancellor when he proposed a pay limit in the area of 3 per cent coupled with tax reliefs.

The Government, therefore, has made clear on May 5 that once the proposed new pay limit had been ratified by the TUC Special Congress on June 16, they would implement in full the conditional tax reliefs outlined in the Budget.

People at work will benefit in three ways from the new pay policy and the tax reliefs associated with it:

I. They will benefit from the pay increase itself, as described above.

II. They will benefit from the tax reliefs. By July or August, when all the reliefs will be operating, the average family will already have benefited by as much as £30. The amount of benefit will vary with family circumstances and levels of income. The tax reliefs operate from April 1, 1976, and will be in payment by not later than August 1976. For most people this means that the tax relief operates very much earlier than the date for their pay increase under the new agreement.

III. They will benefit because prices will rise more slowly than they would with a higher limit.

This means that the tax relief will secure the same measure of acceptance and support as the £6 limit.

The TUC guidelines make it clear that they should be universally applied, and that the TUC will oppose any settlement in excess of them.

The dramatic increase in oil and other commodity prices in 1973-74 reduced real national income by five per cent. The arrangements and sanctions in Cmnd. 6151 to

date have been fully implemented.

Meanwhile, the Government has used all the weapons available to them to reduce inflation. A growth in the money supply has been strictly controlled and cash limits introduced across a wide range of public sector expenditure.

The White Paper says that the Government has acted throughout the period since the 1973 Budget to alleviate unemployment by new jobs and training measures. More than £400m had been provided to create or keep open 250,000 jobs during that time.

"The main emphasis in the whole programme has been on helping young people and particularly school-leavers."

The Government had also substantially raised the living standards of retirement pensioners, widows, and the long-term sick and disabled.

Although the attack on inflation has made a great advance since last July, says the White Paper, there are still great difficulties to be faced.

Unemployment remains much too high, wage costs per unit of output are still rising more quickly than in our main competitor countries and there has been the recent "unexpectedly sharp depreciation" of sterling.

Tests on the effects of the glass fibre are being carried out by the inspectorate and the results will be given to the union and employer's representatives at tomorrow's meeting.

This latest dispute at the Grain power station—the largest oil-fired station being built in Europe—is likely to further delay construction work.

Already one 450-megawatt turbine generator due to feed electricity to the national grid last January will not come on the material date. Although this dispute was resolved, the site contractors involved this time are reluctant to provide free overall but are willing to lend scaffolders the money to buy them.

The White Paper then continues:

We are now entering a stage in our economic recovery in which world trade is increasing and production the world over is growing to meet rising demand. This situation gives us the best opportunity the country has had since the war for export-led growth, with all that means in terms of higher UK output and employment.

To get these benefits we have to maintain the momentum of the attack on inflation and consolidate the gains made in the past 12 months. Diverting resources into exports and investment requires both a high level of competitiveness in our industry and a basic change in the structure of our economy.

This change is essential if we are to have a good prospect of rising living standards in future years; but we have to absorb its impact on our present living standards. If we try to improve our living standards by higher money earnings, we shall only get more inflation; it is just not good paying ourselves in conflict.

The best prospect for seizing the opportunity of exported growth and achieving sustained improvement in our living standards is to get our inflation rate at least down to that of our competitors, and to keep it there. This was the objective to which this year's Budget proposals were addressed. For the first time, the Chancellor of the Exchequer offered to link substantial tax reliefs with a pay limit consis-



Mr. Albert Booth, Employment Minister, introduces The Attack on Inflation, The Second Year White Paper to a Press conference at his Ministry.

investment is actually place.

To qualify, investment in home-based industry, plant, machinery, car vehicles and the construction of industrial buildings, wa-

and shops.

The Government do

not expect that the changes

will lead to any early or ap-

proach in the general

level.

Market forces have

that the prices of mar-

and services are now b-

level which companies

entitled to charge an

Price Code; but as eco-

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play an important part

in bringing down the cost of li-

By July 1977, when

powers to control price

it is estimated that the

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Price Index.

## Resource

It is essential for ou-  
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charges should be et-  
into the productive in-  
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which British industr-  
correct present weak-  
secure a greater share o  
at home and abroad.

This is also the obj-  
the Government's  
strategy, now being i-  
in collaboration with b  
of industry. A good  
been made in the first  
the industrial strategy.

The National Econ-  
velopment Council is  
consider the first rep-  
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Planning Agreement;  
National Enterprise B  
also have a key contri-  
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British industry.

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changes in the Price  
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So we can tackle w  
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The Government therefore  
propose a number of changes in  
the Price Code to encourage  
investment and employment. The  
main changes are:

a. An increase from 20 per cent  
to 35 per cent in the rate of  
investment relief (that is, the  
proportion of the costs of new  
investment which may be  
reflected in current prices);

b. Provisions relating to the  
depreciation of assets and to  
the appreciation of stocks  
(which is in line with the general  
conclusions of the Sandilands  
Report accepted by the Govern-  
ment);

c. Adjustment, principally to take  
account of inflation of the  
categories which determine  
the price control procedures  
applying to particular firms;

d. Measures to mitigate aspects  
of the Code which discourage  
cost-saving and greater out-  
put. These include the abolition of  
the productivity deduction;

e. Other measures to reduce the  
administrative burden on compa-  
nies of operating the Code.

The Price Commission moni-

tors investment relief to ensure

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## CONTROL ON PROFITS TO REMAIN WITH INCENTIVE TO RAISE FUNDS FOR GROWTH

# Price Code to help boost jobs and output

The Government's proposals for changes in the Price Code were published yesterday in a White Paper presented to Parliament by Mrs. Shirley Williams, Secretary for Prices and Consumer Protection.

This Consultative Document describes and summarises the Government's proposals for the Price Code element in the prices policy for the next 12 months or its attack on inflation as outlined in the White Paper Cmnd 6507. The administrative arrangements for a Price Commission and a Price Code will continue.

Companies will continue to operate under general profit ceilings and in addition the general test for price increases will continue to be whether there has been an increase in costs. At the same time, within this broad framework there will be changes in certain British industry to raise the funds that are needed to finance a higher level of activity, to increase employment and to instil the confidence needed to invest for the future.

The Government estimates that the effect of these changes will be to increase the Retail Price Index by about 1 per cent. in the coming 12 months. The changes affect many different provisions of the Price Code.

They have been so designed as to offer a number of options. Which option an individual firm chooses will depend upon circumstances peculiar to it, as well as upon its judgment of the condition of the market for its goods and services.

A complete draft of a new Price Code is set out in full in Part II of this Consultative Document with a commentary to indicate the purpose and effect of each amendment. The more important changes are discussed below.

## Investment

There will be an improvement in the relief available for new fixed investment. The range of investment in physical assets qualifying for relief will be extended to cover expenditure by retailers on the construction of shops, but investment in office buildings will remain outside the scope of the relief.

The rate of relief on investment has been 20 per cent. since May 1973. That is to say, firms are allowed to raise prices in the year in which investment expenditure is incurred to the extent necessary to recover one-fifth of that expenditure from current price rises.

The Government is proposing that the present rate of investment relief should be increased to 35 per cent. If there is to be a continuing form of price policy after the next 12 months in which investment relief is inappropriate, the Government intends that equivalent relief on new investment should be maintained as an integral part of the regime.

The Price Commission will continue to verify that the actual investment expenditure is undertaken during the investment year and that not more than the amount of relief permitted has actually been taken in prices.

## Inflation

The Report by Sir Francis Sandlands' Inflation Accounting Committee has demonstrated that in a period of inflation, the apparent profits indicated by company accounts drawn up on a historic accounting basis may conceal the fact that the firm is not making sufficient money even to replace the assets it has consumed.

Increases in the cost of new Code will continue to be the link between increases in costs and consequential increases in prices.

The Government accepts the need, however, for a degree of flexibility. This has existed in earlier versions of the Code, but for the next phase the Code will set out clearly the extent to which individual prices will be restructured.

The basic rule will be that the average increase in prices for a range of products (weighted to take account of the value of sales of different products) should not exceed the total entitlement arising from the cost controls. Within this total, the principle will be that the individual price increase will be justified by reference to a disproportionate increase in the costs for that product; or

(c) the Price Commission is satisfied that it is the company's established commercial practice to maintain a particular pattern of differential price increases within the range; or

(d) the Price Commission is satisfied that a higher price is justified for a particular product in the light of the limited extent of recent price increases on the product or of the period which has elapsed since the price of the product was last increased; or

(e) pricing flexibility between different types of pack or outlet has been permitted under the present Code. It is not, however, proposed to provide for flexibility between different localities, since the Government does not consider it equitable for a customer's price increase in one part of the country to cross-subsidise another.

There can be situations of market dominance in which a restructuring of prices may be desirable so as to ensure the best use of resources and hence the greatest ultimate benefit to consumers. The Monopolies and Mergers Commission recommended such a restructuring in a recent report on plasterboard where it is considered that the change from a system of uniform delivered prices to a system of zonal prices would be in the long run to make for more competitive and efficient trading.

The productivity deduction has been a feature of the Price Code since its introduction by the Conservative Government in 1973. The current Cost Accounts (CCA) techniques recommended by the Sandlands Committee would permit firms to value assets for depreciation in various ways designed to show their value to the business.

The present Price Code provides for firms from the revaluation of assets for the purpose of depreciation if the revaluation has taken place during the period of the controls. This limitation will be removed in the new Code in respect of revaluation shown in companies' annual accounts.

The majority of companies will, however, be continuing to depreciate against historic cost for other accounting purposes during the 12-month period under consideration, and figures thus arrived at will in general make inadequate provision for the replacement of the assets concerned.

The possibility that the Code itself should incorporate accounting rules for the indexing of depreciation on the basis of the Price Index Numbers for Current Activities has been put forward by the Central Statistical

Office, has been considered but rejected for two reasons.

First, Price Code provisions on this subject drawn up now are likely to differ substantially from the full accounting standard that will eventually be issued, so that companies would be obliged to adopt procedures purely for pricing purposes, only to change them again after a short time.

Secondly, the rules for the selection and application of indices would leave room for dispute and disagreement with the result that many firms would probably feel that they were not equipped to undertake such complex calculations.

## Marking up

In the interim period, while a new accounting standard is awaited, the Government has accordingly concluded that there should be a general marking-up of historic depreciation charge for all Price Code purposes (where there has not been a recent revaluation). This cannot be a precise or scientific provision for adjusting historic cost to CCA accounting.

It is no more than a broad adjustment to improve the position until a new accounting standard is in operation. It has the merits of presenting no problems of calculation and easier use by the Price Commission. The adjustment factor proposed is 1.3.

This moves some way, but not all, towards replacement cost.

The supplementary provision affects both the cost controls and current profit margins. There will be no adjustment of reference levels or other base data. Claims for depreciation are checked in due course against the company's annual accounts by the Price Commission and revaluation will be admitted only where it has already appeared in such accounts.

## Stocks

Just as historic accounting in a period of inflation may mean that a company which is apparently profitable is consuming its capital stock, so it may mean that apparent profits are in fact little more than the rising value of stocks, which have to be replaced at higher cost if the business is to keep going. The Sandlands Committee recommended an adjustment to reflect the current cost of each sale, and this also is one of the technical issues under consideration by the Inflation Accounting Steering Group.

Here again, the Government proposes that pending agreement on a new accounting standard the Price Code should include an interim adjustment moving towards the objective of the Sandlands Committee's conclusions.

Increases in the cost of new Code will continue to be the link between increases in costs and consequential increases in prices.

The Government accepts the need, however, for a degree of flexibility. This has existed in earlier versions of the Code, but for the next phase the Code will set out clearly the extent to which individual prices will be restructured.

The present output costing rules will continue to apply to those labour costs which are subject to the productivity deduction in the present Code. There will be no change in the output costing rules as they apply to material costs, since the Government considers that savings resulting from lower material costs should be passed on in full to the consumer.

## Flexibility

A central feature of the new Code will continue to be the link between increases in costs and consequential increases in prices.

The Government accepts the need, however, for a degree of flexibility. This has existed in earlier versions of the Code, but for the next phase the Code will set out clearly the extent to which individual prices will be restructured.

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West Yorkshire £12,500+

For a large and progressive retail distribution organisation with a turnover approaching £50 million and extensive manufacturing interests.

Reporting to the managing director, the person appointed will be responsible for providing financial information and advice to the board and controlling the data processing department. He/she will participate in corporate strategy decisions.

Suitable candidates, probably aged 35-45, will hold a recognised accountancy qualification—preferably chartered. They must have had several years' experience at the head of a finance function in a fast-moving trading sector, preferably retailing.

Please apply in confidence quoting reference 3081/L to M.J.H. Coney.

**Peat, Marwick, Mitchell & Co.,**  
Management Consultants,  
11 Ironmonger Lane,  
London EC2V 6AX

## Director of Finance & Administration

Nigeria up to US\$ 25,000

We are a U.S. based corporation seeking a qualified Financial Executive with a minimum of 15 years experience to take charge of a substantial operating subsidiary in Lagos, Nigeria.

Background should include experience in pricing and contract negotiation.

Salary will be in the range of U.S.\$25,000 per annum, freehousing, hospitalisation plan and other fringe benefits + incentive bonus scheme.

Please send resume to:  
Mr. G. P. R. Page, Controller  
European Operations,  
Aeronaritime Limited  
Mill Field Road,  
Hounslow, Middlesex.

## CHIEF ACCOUNTANT

A group of companies with offices in the West who are licensed dealers in securities require a Financial Controller/Chief Accountant with 1 qualification experience in securities dealing and banking.

Salary £5,500+ and other fringe benefits.

Please write Box A.5622, Financial Times, 10, Car Street, EC4P 4BY.

## GENERAL APPOINTMENTS

### RESTAURANT MANAGEMENT £12,000

Estimated first year income

This is an opportunity to take control—as General Manager—of all operations of a large, highly individual restaurant. The location is about as far up-market as you can go, even London, but the establishment has a relaxed, informal character which appeals particularly to younger-millennials.

The position demands both restaurant management experience and accounting or financial experience. However, successful candidate will probably be under 35. In addition to a salary of £12,000, terms will include a b-and/or profit sharing scheme at levels to be agreed.

To apply, please telephone Mrs. Hodges at 01-491 3377.

# GENERAL APPOINTMENTS

GENERAL APPOINTMENTS ARE CONTINUED  
TO-DAY ON THE FOLLOWING PAGE

## Investment Analysts

A leading London stockbroking firm, with a well-versed business, has the following vacancies in its Investment Research Department.

### Building Sector

An investment analyst is required to cover the building sector. In addition to building analysts, analysts currently working in other sectors, who wish to increase their experience, are invited to apply. Alternatively it is considered that the position will appeal to economists or corporate planners employed by the building industry who wish to broaden their careers.

### Trainee Investment Analyst

The successful candidate will be a recently qualified university or business school graduate. An economics or mathematics background might be an advantage but the main requirement is a high academic standard.

Salaries will be negotiable and will be fully competitive with current market rates.

Write Box A5619, Financial Times,  
10, Cannon Street, EC4P 4BY

## Outstanding opportunity for a Gilt-Edge Partner

An opportunity has arisen for a gilt-edge specialist with a leading City stockbroking firm. The successful candidate will join as a salaried/prospective salaried partner, with every prospect of progressing to become a general partner.

The brief will be to take a full part in further developing the firm's already successful and comprehensive gilt-edge business. Basic salary is open to negotiation and overall remuneration will be fully commensurate with the seniority of

Charles Barker  
Management Selection International

the position. It is assumed that this opportunity will be of particular interest to candidates, probably in their thirties, with proven ability in this specialised field either in the Stock Exchange or institutions. Prospective candidates are invited to write initially in strictest confidence, to Ivo Stocker (quoting reference 76/12) at Charles Barker Management Selection International Ltd., 30 Farringdon Street, London EC4A 4EA, the advisers to the firm on this appointment.

## Managing Director

c. £15,000

A £75m British owned international toy manufacturer wishes to appoint another Managing Director for its expansion programme.

Responsibilities include manufacturing, marketing, international distribution and the appropriate level of profitability.

Candidates priorities must be a command of consumer marketing, an instinct for trading, a profit building record, outstanding management skills and an overall general management role.

Please apply in writing to Charles Keel (Ref: 654).

## Beckwell Management Search

A division of Beckwell Consultancy Services Ltd., 64-66 BAKER STREET, LONDON WIM 1DL. Telephone 01-487 8761 TELEX 23526. MASTERS AND CONSULTANTS IN AUSTRALIA - BELGIUM - CANADA - FRANCE - GERMANY - HONG KONG - SWITZERLAND - SPAIN - U.S.A. - WEST GERMANY

## BBC

### PRODUCTION SECRETARY

Required for the daily Radio 4 programme THE FINANCIAL WORLD TONIGHT. In addition to secretarial skills, applicants should have an informal interest in the Stock Market and in national finance and industry generally. Some knowledge of economics would be helpful.

They are worked on a shift basis within a four-day week, taking two or three evenings until 11.30 p.m. Late transport is provided. Offices near Oxford Circus.

£2,640-£2,884 p.a. plus a 10% shift allowance.

Apply to Mrs. Fiona Hunter, BBC Appointments Department, Portland Place, London W1A 1AA or telephone her on 01-588 2290, quoting 76SC219FT.

### FINANCE CLERKS

Required for Pensions, Accounts Department. Informed interest in Stock Exchange, Aptitude for figure work. Basic knowledge of book-keeping. Offices near Oxford Circus.

£1,640-£1,864 p.a.

Apply to Mrs. Julia Harbour, BBC Appointments Department, Portland Place, London W1A 1AA or telephone her on 01-588 2290, quoting 76SC219FT.

**FIXED INTEREST SALESMAN**  
Intaglio, Loeb, Stanley & Co. are seeking an experienced salesman to join their small progressive Fixed Interest Department. He or she would be mainly responsible for Debentures and Loan Stocks but would be expected to give some assistance to Convertible Stocks.

Salary will be negotiable.

Please send full particulars to:  
R. A. D. Froy, Esq.  
31, Sun Street, London E.C.2.  
01-377 9242

## Treasurer

### City

c. £8,500 + car

Ideally, applicants will have had good international banking experience and have gained specific experience in the treasury function in a bank, discount house or in industry. A knowledge of shipping documentation, documentary credits, and commodity finance would be useful. They should be able to demonstrate sound commercial ability and judgement combined with the social skills required at this level. The preferred age range is early thirties and the post is open to men and women. (Ref: A8247/FT)  
REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

### PA Advertising

Hyde Park House, 50a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

## THE ASSOCIATION OF INTERNATIONAL BOND DEALERS SEEKS

## A PERMANENT SECRETARY FOR LOCATION IN SWITZERLAND

The AIBD is the official organization of the Eurobond market and has a membership approaching 400 of the world's leading banks and investment firms.

The AIBD is establishing a permanent secretariat to be located in Zurich. A candidate is sought to take charge of this office which will co-ordinate the administrative and external relations of the AIBD reporting to the Board of Directors.

The successful candidate will

be in the 30-40 years age bracket and will have had some exposure and, if possible, some specific experience in Eurobond matters.

Such a candidate will be fluent in English but ideally will also have some knowledge of German and/or French.

Salary and other benefits will be according to international standards and appropriate to the successful candidate's age and experience. A work permit will be made available.

**AIBD**

Interested candidates should apply with full curriculum vitae details to  
The Association of International Bond Dealers, c/o Allgemeine Trauhand A.G.,  
P.O. Box 1057, CH-8022 Zurich, Switzerland, marking clearly on the envelope  
the reference "Permanent Secretary".

## CJ

### RECRUITMENT ADVERTISING

35 New Broad Street, London EC2M 1NH

Tel: 01-588 3558 or 01-588 3576

Telex No. 887374

Stockbroking career opportunity with successful and experienced sales team, partnership prospects medium/long term.

## TRAINEE INSTITUTIONAL BROKER

£4,000 - £6,000

### MAJOR FIRM OF STOCKBROKERS

This firm is looking for a trainee to join their Institutional Equity Department. Applicants should be aged 21-25, be graduates and/or professionally qualified; some experience of investment work would be an advantage. The selected candidate will be joining a team, servicing all the major UK financial institutions, backed by a high calibre specialist Research Department. A full training will be provided, followed by practical experience in all aspects of the team's selling operations. Initial remuneration, including bonus, £4,000-£6,000, non-contributory pension, 4 weeks' holiday. Applications in strict confidence under reference TIB8781/FT will be forwarded unopened to our Client, unless you list firms to which they should not be forwarded in a covering letter and address the envelope to the Security Manager:

CAMPBELL-JOHNSON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

**CJRA**  
**CITY**

COMMUNITIES: East Administration Staff  
Leading City brokers seek experienced personnel. A sound work record is essential. Above average salary, benefits, bonus offered. R. T. Evans  
Evans Little Associates, 39, New Lane, London, EC4. Tel: 01-336 8881.

**GOLD ESTABLISHED** London Stockbrokers  
with extensive experience and  
Arbitrage business look for individual  
or team with experience. Substantial  
participation in new business created.  
Offered: Write Box A8233, Financial  
Times, 10, Cannon Street, EC4P 4BY.

## BANK SHARE ANALYST

A leading firm of Stockbrokers with a recognised position in the Banking Sector has a vacancy in its Research Department for a Bank Share Analyst. The vacancy is arising from the promotion of the present Analyst. The position will be attractive to an Analyst who wants to make his reputation in the Sector with a large firm and with the backing of a research-oriented Institutional Sales Department.

Specialisation of at least 3 years in the Sector is essential and other desirable qualifications include a relevant university degree or professional qualification. The total reward for the right person would be substantial and could be in the five-figure area.

Applications will be forwarded direct to our client. Please indicate in a covering letter any firms to whom you do not wish your application to be sent.

Please send detailed curriculum vitae, quoting ref. 830 to:-

W. L. Tsai,  
Touche Ross & Co.,  
Management Consultants,  
Executive Selection Division,  
4 London Wall Buildings, London EC2M 5UJ.  
Tel: 01-588 6844.

## Charles Barker Recruitment Confidential Reply Service

Please send full career details and list separately companies to which we should tel forward your resume. Write the reference number on the envelope and post to our London office, 30 Farringdon Street, London EC4A 4EA.

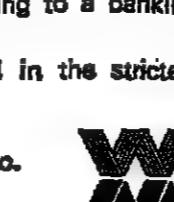
## Commercial Banking

An Accepting House requires an Account Controller in its expanding Commercial Banking Department.

Candidates (men or women) must have wide experience, gained in a Merchant or Clearing Bank, of Letters of Credit, Collections and Exchange Control regulations.

Realistic salary plus fringe benefits.

Ref: 1384



N.F.R. Carnati  
Whinney Murray & Co.  
67 Chiswell Street  
LONDON EC1Y 4SY

## Sales Director

### Major Shipyard

This is a newly created post within a major British Shipyard employing over 5,000 people in the production of Bulk Carriers and Dry Cargo Ships which sell well and have a good reputation. The order book is reasonably good and extension of the product range is imminent. Reporting to the Chief Executive, the successful candidate will be responsible for the identification of opportunities and the negotiation of business with shipowners throughout the world. The essential requirement is for a personable and energetic individual aged 30/45 with a sound appreciation of user requirements coupled with enough technical knowledge of shipbuilding to command the respect and confidence of clients.

Experience in the negotiation of high value sales contracts for ships, aircraft

or heavy engineering products, or previous involvement in the purchase of new vessels for a major shipping organisation would be valuable. An extremely attractive salary and fringe benefit package will be negotiated with the successful candidate, together with generous assistance if required with relocation expenses. Career prospects are good.

(Personnel Services Ref: SMS01/5657/FT.)  
The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

### PA Personnel Services

Personnel Services Division, Hyde Park House, Knightsbridge, London SW1X 7LE.



A member of PA International

## Rowe & Pitman, Hurst-Brown

Members of The Stock Exchange.

### SENIOR ANALYSTS

#### Engineering

Rowe & Pitman, Hurst-Brown is seeking two Senior Analysts aged probably 25/35, who will be required to make a major contribution to expanding the current research effort in the above areas. The successful applicant will be expected to maintain and further the Firm's extensive connections within these industries and to provide recommendations for appropriate investment action based on verbal and written reports.

Good salary with profit sharing bonus. Non-contributory pension scheme with free life assurance. Staff restaurant.

Applications to:-  
Mr. P. N. Smith,  
Staff Manager,  
Rowe & Pitman, Hurst-Brown,  
1st Floor, City-Gate House,  
38-45 Finsbury Square,  
London EC2A 1JA.

**R & P**

## GENERAL APPOINTMENTS

Account Executive  
FOR THE  
Financial Times

A young person with preferably experience both of working on a newspaper and of working as an Account Executive with an Advertising Agency is wanted to work as an assistant to the Director of Promotions and Public Relations at the FINANCIAL TIMES.

Send full particulars to Box E.8228, The Financial Times, 10, Canaan Street, EC4P 4BY.

AUSTRALIAN STOCKBROKER  
INSTITUTIONAL DEALER

We are seeking to add another experienced Institutional Dealer to the staff of our London Office. A sound knowledge of the Australian market is essential. The successful applicant will be involved in servicing the firm's broking associates and institutional clients in various investments centres around the world. This is a career appointment with bright prospects in the U.K. and/or Australia.

PREFERRED AGE: 30-35 but flexible

SALARY: FULLY COMPETITIVE

Applications in writing to MR. G. N. WEBB,

POTTER PARTNERS

(Incorporating Ian Potter &amp; Co.)

Members of the Stock Exchange of Melbourne Ltd.,

Estates House, 66 Grosvenor Street, LONDON SW1V 7AP

## STOCKBROKERS - HORSHAM

Why commute to London?

## STERNBERG, THOMAS CLARKE &amp; CO.

members of the Stock Exchange

have recently opened a branch in Horsham and are looking for one or two associate members to join this office. Applicants must have good quality investment business. There is a direct line to the London office and M.P.D.S. sets are being installed.

Please reply to:

T. A. M. Pigott,

Messrs. Sternberg Thomas Clarke &amp; Co.,

Salisbury House, London Wall, London EC1M 5RU.

## WANTED

## CINEMAS—(CONT.)

## JERSEY

Chartered Accountant with wide finance and planning experience in major International Company and a Director of substantial Merchant Bank and Investment Banking, wishing to take advantage of the fiscal opportunities by establishing a base on the Island.

Please write Box A.5210, The Financial Times, 10, Canaan Street, EC4P 4BY.

## ANNOUNCEMENTS

MR. MICHAEL J. MOORE has been appointed a director of Hoover Ball & Spring Company Limited. Mr. Moore has been associated with the company since it was founded and has been employed as chief engineer of the company.

EAST RAND PROPRIETARY MINES LIMITED  
(Incorporated in the Republic of South Africa)NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER  
PAYMENT OF COUPON NO. 114

With reference to the notice of declaration of dividend advertised in the Press on 15th June, 1976, the following information is published for the guidance of shareholders. The dividend in respect of the South African currency and dividends payable from the offices of the Receivers of the company in the United Kingdom will be paid at United Kingdom bank rates. The amount of the dividend will be £1.00 per share. The London Bearer Receipts Office, Charter Consolidated Limited, 7, Rose Buildings, Fetter Lane, London EC4A 1HQ. Bearer dividends may be obtained from the London Bearer Receipts Office, 18, Bowes Road, EC1M 5PU. Payment in French currency.

Coupons must be left for at least four clear days for examination and may be presented any weekday (excluding Saturday) between the hours of 10 a.m. and 2 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 30% on the dividends payable from the offices of the Receivers of the company in the United Kingdom, income tax who will be deducted from coupons presented for payment at the London Bearer Receipts Office. Bearer coupons are the amount of the dividend will be shown under such deduction is made the net amount of the dividend will be as shown under:

	U.K. currency	French currency
Amount declared in S.A. currency per share	£ 1.00	£ 2.50
Less S.A. non-resident shareholders' tax at 30%	0.70	1.80
	4.30	1.70
Less U.K. Income tax at 20% (See Note)	0.86	2.10
	3.44	1.60

Amounts declared in S.A. currency per share.  
Less S.A. non-resident shareholders' tax at 30%.

Less U.K. Income tax at 20% (See Note).

Reserves of the Company in the United Kingdom:  
Charter Consolidated Limited  
20, Fetter Lane, London, EC4A 1HQ  
London EC1M 5PU  
30th June, 1976.

NOTE: The Company has been asked by the Commissioners of Inland Revenue to make up the difference between the United Kingdom tax payable in respect of the dividend. The deduction of tax at the basic rate of 33% represents an allowance of credit at the rate of 15%.

COMPAGNIE FRANCAISE DES  
PETROLES

## PAYMENT OF DIVIDENDS

## NOTICE TO THE SHAREHOLDERS

The Annual General Meeting of

Shareholders held on June 25th 1976 at 10.30 a.m. was adjourned until July 8th 1976.

Residents of the United Kingdom

will receive dividends in cash

and not in shares.

Dividends will be paid

in cash.

The coupons should be lodged with

the Company Secretary at

Moore House, 118 London Wall, Lon-

don EC2Y 5DR where particulars

of further information

can be obtained.

Payments in respect of coupons will

be subject to stamp duty.

Stamp duty claims are accompanied by

an affidavit.

The exchange rate used for

each payment.

HERMAN

Trident House

21, 22 Duke Street

London, W.C.1.

Solicitors for the Petitioner.

NOTES—Any person who intends to

apply for the winding up of said Petition

must serve on the Petitioner a

copy of the application for the winding up of

said Petition.

The Commons is now in the

GOVERNMENT OF SOUTHERN  
RHODESIA

4 Per Cent. Stock 1987-88

C. J. Richards Esq., C.M.G.,

is the trustee of the Sintine Fund

of the Government of Southern Rhodesia.

The Stock of the Southern Rhodesian

financial year on the 30th June

THE TOR INVESTMENT TRUST  
LIMITED

NOTICE IS HEREBY GIVEN that the

Registers of the Debenture Stock

closed on 20th July 1976 inclusive

By Order of the Board.

J. TODD

Secretary

BRACKEN MINES LIMITED

Incorporated in the Republic of South

Africa

NOTICE IS HEREBY GIVEN that the

Registers of Transfer Books can be

closed on 23rd July 1976 inclusive

per pro. UNION CORPORATION

London Secretaries

L. W. HUMPHRIES

Prayer House,

85 Grosvenor Street, W.1.

20th June, 1976.

NOTICE IS HEREBY GIVEN that the

Registers of Transfer Books can be

closed on 23rd July 1976 inclusive

per pro. UNION CORPORATION

London Secretaries

L. W. HUMPHRIES

Prayer House,

85 Grosvenor Street, W.1.

20th June, 1976.

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Account Executive

FOR THE

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Send full particulars to Box E.8228, The Financial Times, 10, Canaan Street, EC4P 4BY.

## PARLIAMENT

Ministers relax  
CTT impactBy Justin Long,  
Parliamentary Correspondent

THE GOVERNMENT, anxious to conclude the committee stage of the Finance Bill by to-night, yesterday increased the tally of concessions won by the Tories to offering further relaxations to the capital transfer tax provisions.

One of the spurts of progress is the need to have the Bill reprinted, incorporating the many changes made since second reading, in good time before the report stage on the floor of the Commons.

Mr. Joel Barnett, Treasury Chief Secretary, has assured the Opposition that no time will be lost, and it is hoped that what amounts to a re-cast Bill will be available early next week.

One of the concessions offered by the Government last night, in response to Tory arguments, will provide a relaxation of the CTT strictures in Clause 92.

Mr. Peter Rees (C. Dover and Deal), urging the relief, pointed out that the clause narrowed the scope of concessions for accumulation and maintenance trusts; it confines the benefit to one generation or to a period of 25 years from the creation of a settlement.

Mr. Denis Davies, Minister of State, Treasury, agreed with the Tory argument that the clause as it stood had been too closely drawn in one respect, at any rate. He promised to bring forward an amendment on the report stage to loosen part of the restrictions.

The Minister resisted some other Tory attempts to weaken the new avoidance provisions in this section of the Bill, but accepted that some of the avoidance clauses could cause hardship in certain genuine circumstances involving the shares and securities of close companies.

A Government amendment was incorporated to deal with this.

On behalf of newspaper trusts, Mr. Davies said the relevant clause in the Bill dealt with the kind of situation covered by the Scott Trust in relation to The Guardian newspaper.

"If other newspapers were to follow this same kind of set-up they may well come within the benefits of Clause 92 of the Bill which gives exemption to newspapers. We are concerned with giving assistance to the newspaper industry."

Tory shouts of "Rubbish" were countered by Labour cries of support for Mr. Allsop. "Just listen to those fatheads over there," jeered one Labour benches.

Mr. Gow pointed out that there were 6m. council houses in Britain. Many of the tenants would prefer to be owners but were prevented by Labour

## Pride in new model

BY PHILIP RAWSTORNE

Mrs. Shirley Williams proved again in the Commons yesterday that she is one of the best political retailers in the business.

Her new model Price Code, she persuasively claimed, would be an indispensable aid to new investment, higher output and more jobs.

And at the cost of only one per cent. on the retail price index, it would be difficult to devise a better complement to the Government's utility pay scheme.

All sorts of improvements had been made on last year's design, Mrs. Williams declared warmly. "Increased investment relief . . . measures to moderate the disincentive effect, including the abolition of the productivity deduction."

Mr. Denis Healey and Mr. Michael Foot looked on with pride as she lightly touched upon the code's complexities — and it even appeared for a moment as though no-one would dare risk a critical word for fear of seeming ungrateful.

But Mrs. Sally Oppenheim, exchanging scepticism with Mrs. Margaret Thatcher, firmly pronounced that this Government product — like so many others —

fell far short of the urgent needs of business and industry. It came too late to restore confidence or save jobs, she said.

What would be the effect of abolishing the Price Code altogether? she demanded.

Since the Tories had invented the prototype, Mrs. Williams considered their apparent desire to scrap the code now a little harsh, to say the least.

"I do not believe it would be in the interests of industry in this country to see the pay and prices policy disappear," she declared. If she could have drawn the first blue-print, she confessed, the finished article would look rather different from to-day's adaptation.

"This is a reasonable compromise" she suggested disarmingly. It gave more investment relief, a "crude move" towards inflation accounting, and provided continuity of policy.

While the Tories were concerned about what the code had to offer for industry, Labour Left-wingers like Eric Heffer looked for some assurance that industry would respond to the relaxation with more investment.

Many would question whether that was enough to sustain investment and jobs. The Government's answer was that some improvement was necessary, she said — winning, this time, some admiring cheers

from the Labour benches — with the notable exception of Mr. Norman Atkinson. "You are asking the public to pay increased prices which at the end of the day will create no new jobs," he accused.

Mrs. Williams pointed out that the return on capital last year was only 2 per cent. compared with 10 per cent. in 1965.

But Mr. Heffer had advised him to do the same. "It would be reasonable," he said, "to advise the public to pay increased prices which at the end of the day will create no new jobs."

Front runners expected to be Mr. Atkins, MP for Tonbridge and Malling, a member of the Tribe who has contested the ship unsuccessfully, and Callaghan six times, at Vauxhall, Secretary for Moderate Left wing be regarded as the EEC candidate.

Mr. Michael Foot, MP for Wednesbury, and Left-wingers like Eric Heffer, Labour Left-wingers, have advised him to do the same. "It would be reasonable," he said, "to advise the public to pay increased prices which at the end of the day will create no new jobs."

Emphasising the high level of public expenditure involved in council housing, the promoter of the Bill, Mr. Ian Gow (C. Eastbourne), declared: "It provides for a fundamental and irreversible transfer of power and wealth from the State to the people."

But if the nation wished to retain five years, he said, it would be obliged to buy the house back to the council at the same price at which it was purchased.

# The Marketing Scene

## Bad year for ads follows the van

By Pamela Judge

**TOTAL SPENDING** on advertising in the U.K. last year counted to £967m., a rise of 7% on the 1974 figure of £900m. It was the third largest increase recorded in a single year.

But as Harold Lind put it in the latest issue of *Advertising Quarterly* "when we remember that inflation in 1975 was running at almost 25 per cent, the picture looks rather different, advertising has fallen as a proportion of GNP to 1.04 per cent, the lowest since 1955." For display advertising the proportion down to 0.7 per cent, the lowest since 1953. Figures for manufacturers' consumer advertising only go back as far as 1968, and at 0.42 per cent it is comfortably the lowest recorded.

Spending in the Press was £3m. (including production costs) to £640m. in 1974. Of this £162m. went into the regional newspapers, a rise of 7% on 1973. For regional newspapers the respective figures are £282m. and £273m. Part of the reason for the poor Press performance was the decline in classified ads, which fell by 10%, which in turn was entirely due to the fall in recruitment advertising down 25 per cent.

TV accounted for £236m. or 6 per cent, up on the previous year's £203m. Radio showed an increase to £1m. from £6m. in 1974, posters and transport took £1m. more at £25m., and cinema spending had a similar gain at £1m.

"For the first time since 1968 the Index of Media Rates rose faster than the Retail Price Index—26.5 per cent against 24.2 per cent. Both fees and TV rate increases were the highest recorded."

### JWT+CDP

THERE WAS confirmation this week that J Walter Thompson and Collett Dickenson Pearce have formed a separate company to handle all of their advertising clients in a long-term state of poster advertising. The as yet unnamed company has four clients—Stable which both agencies fit for Whirbird (from CD), and Guineas and Hollings (from JWT).

The new directors of the two agencies, Sid Wheeler of JWT and Mike Grishon of CDP, will supervise the company, which will immediately become the largest of a billion approaching £50m. There may be more clients, only advertisers with "counterfeited"户外广告 will be covered. The campaign will have men in the field looking for new sites to add to the 100 already booked, and also fitting existing sites. All other indoor advertising by JWT & CDP clients will be handled directly with contractors by relevant agency.

RA is yet another company cut down on its agencies. It has shed its Leak HI FI and Nikamerica accounts, worth £200,000 from French Goldbot to Sanchi-Compton who already works on Wharfdale HI FI.

EE news from FGA is that former chairman David Ross has started up his own business based on two FGA units. Terry's All Gold and Grant plus Mayne shoes.

advertisers in the relevant fields

## Sound of soccer

**SOCER** may be the most popular sport in the world but it is one that has long been missed out in the UK, at least on commercial exploitation. That is changing slowly as teams in the senior division start to play in strict broadcasting brand names, but among the Football League mighty the kiss of commerce has been slight.

But from next season Soccer Sounds hopes to be able to benefit from 48 of the top clubs (only Liverpool and Arsenal have refused to play) by paying them for advertising exposure at matches. The idea is that the record programmes which start an hour before each match and entertain the crowds at half-time should be interspersed with commercials.

According to Soccer Sounds over 20m. people watch the 48 clubs at home each season and they tend to be the C1 and C2 men that are hard to reach by other advertising media. Soccer Sounds is negotiating with 12

advertisers in the relevant fields

A.T.

beer, tobacco, cars, tyres, jeans etc. and is confident that they will jump at the chance of exclusive exposure on the grounds.

A thirty-second commercial at every fixture throughout the season at the 48 grounds works out at £34,550, which is quite cheap as a cost per thousand.

There are also later opportunities, if the idea is a success, to say or suggest anything about the most-appreciated beneficial product qualities, but also because, particularly in the beer market, the competition is severe.

Expecting Golds and Silver a plenty, the British Beer

entrants were dismayed to discover that the jury had been extremely sparing in acknowledging what was considered by the audience to be one of the most inventive segments, with

celebrated or at least well-known campaigns like the Kirkwood Company's phonetic "D.J. fun"

and the worthy "Worthington" series, the shrewdly cast

out the idea at Chelsea (who need the extra money) last

season, and the crowd joined in

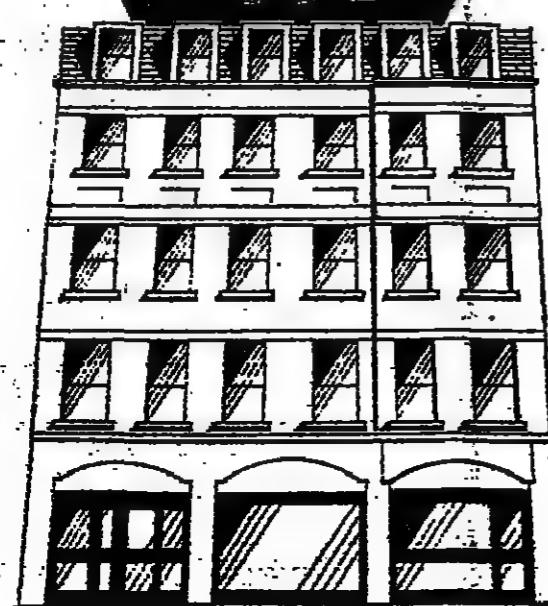
the commercial rather than

the audience, and it is confidence that, by August it will be in

business.

A.T.

**36/38  
DEAN ST  
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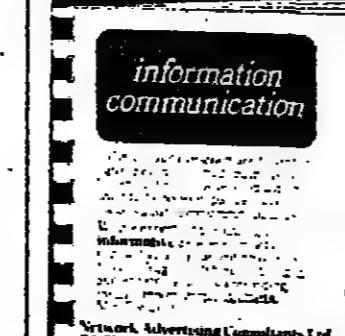


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## The Cannes Advertising Film Festival

# A golden sweep by Britain

By JOHN SIMMONS

SHOW AN advertising man a regression and he'll respond as if he had won a new client. Thirteen hundred professional persuaders — advertisers, agents, scriptwriters, film producers and directors — from thirty-one nations, all with similar national economic stresses, met in Cannes last week to study how creative strategies and techniques can attack the world-wide threat of depression and lassitude.

Never before in the twenty-three years of advertising film festivals had the mood been so doubtful, humour and a copy-claim—"refreshes the parts other beers cannot reach"—that must have been more acceptable to the authorities when it originally and comically referred to policemen's feet.

Guinness and J. Walter T. T. attempts, with an amazing flow of polyglot piffle that manages craftily to contain some only a Silver Lion for their young and beautiful companion "Drinking Habits" but also With a climax of "Drink

Marshall without Gold) and much excellently at honour by suggesting that all moshpheric but award-unacknowledged beer photography and chop, while jury and audience direction from South African Lazarus for the Garrett launching orange drops the BMP agency called them "The M&M and the WOW," and a hating bow-wirling zany ad won

"stab a Christian to-night";

noting the marketing introduction and packaging of new products. Tie Tac (Ferrero) have followed up their doublets by combined to jab a firm thumb-drown to Heineken's £45,000 Group who were also responsible for the admirable images of the

"Nero" epic now known as

"stab a Christian to-night";

doubtful humour, and a copy-claim—"refreshes the parts other beers cannot reach"—that must have been more acceptable to the authorities when it originally and comically referred to

policemen's feet.

The most popular participant

in the booze bonanza was a

British cinema commercial for

Gilbey's Gin, and the Y & R

agency, featuring Terry Thomas,

at a Mediterranean location con-

venient for the star, wherein

Guinness and J. Walter T. T. attempts, with an amazing

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&lt;p



The proposed revision of the Price Code will give industry only part of what it hoped for. Elinor Goodman reports

# Half a loaf is better than no bread

AFTER THREE months of overheads, she is also proposing of 1977. The Government view appears to be that this will result in an increase of the investment expenditure which may be passed on in higher average return on capital in the prices and reflected in profit private sector from around 2.2 per cent to nearer 3 per cent towards the retail trade, she next year.

What it has got, however, will allow a considerable increase of corporate profitability—possibly more than 10 per cent across the board—and introduce an element of inflation accounting to the Code for the first time since its inception in 1973.

The package, published yesterday in the form of a consultative document, will therefore be of considerable immediate benefit to that minority of companies for which present profit controls represent a real restraint. For the majority of companies, however, the main benefits will not really begin to emerge until demand recovers.

On the face of it, yesterday's document might seem to represent a major failure for the CBI. Though Mrs. Shirley Williams, Secretary for Prices, has carefully honoured all the promises made by the Prime Minister in his speech to the Confederation in May, she has hardly answered any of industry's demands in full. Moreover, she has failed to take any action at all in two of the three areas in which the CBI regarded as most important: there is no relief for increases in working capital requirements; nor any provision to allow companies to retain any of the benefits of a more efficient use of labour.

Instead, she has tried to go some way towards offsetting the effects of inflation on both stocks and assets under the Code and to reward companies for a more efficient use of fixed

## Discretionary

Some companies will no longer have to notify price increases to the Commission, while a new discretionary power is to be introduced enabling the Secretary of State to authorise modifications to the Code in merger situations where otherwise desirable takeovers might be prevented from going ahead because of resulting restrictions on profit margins.

The total package is expected to add about 1 per cent to the Retail Prices Index over the next 12 months. In terms of cash that means that corporate profits should increase by around £800m. The potential is much more, but the Government has in its calculations, a fairly static rate of demand in the second half of this year and a small increase in the first half.

For retailers, the addition of shop premises to the list of qualifying expenditure represents a major victory. The Retail Consortium estimated last week that even if the 20 per cent figure had not been chan-



Mrs. Shirley Williams, Prices Secretary, announcing the proposals yesterday.

ged, the inclusion of shop requirements would double the value of the relief to retailers.

In an apparent attempt to quell union fears that the addition of shop premises could lead to property speculation, the consultative document makes it clear that not only will offices be excluded from the arrangements, but also shops built by outside developers.

From the CBI's point of view, the main deficiency of the new investment reliefs is the absence of any provision to deal with increased working capital

in theory increased investment relief will give companies considerable scope to raise their prices; but, as past experience has shown, only a minority of companies will take up this opportunity. It was expected that the existing investment relief scheme would bring in about £30m of qualifying investment in the event only £2bn worth of investment came forward and the actual relief made available in the first year was only £380m.

The CBI accompanied this demand by also asking for relief from the effect of inflation on stocks, but the Department of Prices took the view that to change the Code in both these areas would not only be too expensive in terms of the value

of the total relief given, but also difficult to administer, given the problems of defining working capital.

Equally important the Department appears to have been looking for some way of helping retailers without restoring the 10 per cent cut of gross margin reference levels made in 1974—a move which was presumably judged to be politically impossible. And, for retailers whose stock is partly financed by manufacturers, stock appreciation relief was much more valuable.

The bulk of the relief will come in three areas: investment relief; the provision for some element of inflation accounting; and the formula allowing companies to retain half the benefits of more efficient use of their overheads.

As if by way of compensation for her refusal to agree to some of the CBI's main demands, the Government has also included a number of other changes which, though requested by industry, were not generally those which the CBI had set much store by. The productivity deduction, which means that companies are prevented from passing on more than 20 per cent of any increased labour costs, is to be abolished, while companies are also to be given the option of using a later base date for calculating their reference levels than at present.

The investment relief was always the most likely candidate for change, since it met the unions' wish that the Code should be changed in such a way as to have a direct effect on investment and employment.

The increase in the proportion of investment expenditure which may be passed on in prices from 20 per cent to 35 per cent is a long way short of the 100 per cent relief the CBI was proposing. But the document does at least make clear that if any form of margin control is to be continued after the present Code expires in July 1977, the relief will be extended.

At the same time it is proposed to change the Code so as to allow manufacturers to base their applications for price rises on the latest contracted price, rather than historic costs.

Had this system of calculating raw material costs been introduced together with a provision for full relief on stocks for margin purposes, the CBI might have acquiesced. But companies will only be allowed to deduct 70 per cent of the increase in stock values from the profit figures they give to the Price Commission.

As with the question of stock

appreciation, the Department of Prices has taken the view that it cannot pioneer the changes proposed by the Sandlands Committee on inflation accounting. Instead it has moved part of the way towards replacement of the safety-net provisions, based on historic costs, on the list of factors justifying a price rise. Now they will be able to increase that amount by a factor of 1.3.

The same is true to a certain extent of the measures to deal with the impact of inflation on depreciation. Until now companies have been able to include depreciation, based on historic costs, on the list of factors justifying a price rise. Now they

are obviously being of more arising from higher sales. For example, savings resulting from more inflationary from the in overhead costs, half of any Government's point of view—future growth of output will be disregarded. Similar calculations ahead at 30 per cent, rather than to-day with an inflation rate of nearer 15 per cent.

The same is true to a certain extent of the measures to deal with the impact of inflation on depreciation. Until now companies have been able to include depreciation, based on historic costs, on the list of factors justifying a price rise. Now they

will be able to retain in full any savings resulting from more economic use of fuel. As fixed costs on average only account for around 20 per cent of total costs, it can be seen that after all the CBI's efforts to get efficiency rewarded, not much is being done in this line.

## Profitability

Mrs. Williams' stated objective has been to increase corporate profitability in the private sector so as to remove the need for the safety-net provisions. For this reason she has not seen fit significantly to improve the existing safety nets.

Industry may well argue that Mrs. Williams is wrong, but as it is, market conditions prevent many companies taking advantage of the escape hatches which the Code gives them.

The Price Commission's last quarterly report showed that Britain's biggest companies were on average trading at only 35 per cent of their permitted profit ceilings. The main reason was not the Price Code but competition. And the same is likely to be true for the rest of this year for many companies. But when demand picks up, the changes proposed yesterday will certainly help industry. But, as the CBI points out, the 10 per cent increase of profitability which may result from the changes has to be seen in the light of the fall in real profits since 1968. A point also made by Mrs. Williams in the House yesterday in response to criticism from the Left.

## Stock values

Under the Chancellor's stock relief scheme, companies are allowed relief on all but 15 per cent of their stock profits.

From industry's point of view, the 30 per cent deduction, which is supposed to stop companies getting relief from increases in their stock values resulting from higher sales rather than inflation, is likely to be the main flaw in this arrangement.

The CBI accompanied this demand by also asking for relief from the effect of inflation on stocks, but the Department of Prices took the view that to change the Code in both these areas would not only be too expensive in terms of the value

of the total relief given, but also difficult to administer, given the problems of defining working capital.

The Government apparently felt that it would be unfair to allow companies to benefit from productivity gains at a time when workers were prevented from doing so under the recently agreed pay deal.

So all it is allowing companies to retain is half of any savings in productivity deduction, it would in the cost of fixed overheads

## Letters to the Editor

### Dangers of a closed mind

From Mr. D. McLeish.

Sir—You report (June 28) that Mr. Eric Heffer MP has launched a public relations campaign by Bristol Channel Ship Owners against nationalisation of their company as "audacious". You quote Mr. Heffer as saying "we must situate in the House of Commons that enormous sums of money had been spent to attract MPs away from their pure political involvement".

The clear implication of Mr. Heffer's remark is that there is something improper about an industrialist taking steps to make his views known to MPs when it suits his interests concerned.

I know nothing about the affairs of Bristol Channel Ship Owners' efforts to explain its case, apart from what has appeared in the Press. But it needs to be stated that there is nothing improper whatever in any individual or organisation presenting their views to members of Parliament. On the contrary, it is freedom of expression.

If it is spending money to which Mr. Heffer objects, one can only suggest that he is a little more realistic. Of course money has to be put to use. In addition to the techniques of printing and publishing, it is probably proper to ensure that the case is put across to the public.

### Civil Service Commission

From the Head of Information Civil Service Department.

Sir—in his brief column of June 28 Michael Dixon suggests that by handing over to the Employment Service Agency responsibility for all civil service recruitment there would be a saving of 5,000 staff at a cost of £25m to £30m a year. If he believes that such a saving could be made by abolishing the Civil Service Commission (which is responsible for all permanent recruitment to the Civil Service), he is mistaken. In 1975-76 the Civil Service Commission employed 382 staff at an annual staff cost of nearly £14m.

All vacancies in the civil service are of course reported to E.S.A. but under their Order in Council, the Civil Service Commissioners are solely responsible for the recruitment and selection of civil servants and cannot transfer this responsibility elsewhere. This is to ensure that the civil servants are chosen on merit and by fair and open competition impartially and without patronage.

A. A. Darg, 28, Norfolk Road, Edgbaston, Birmingham 15.

first to admit that it is not fully exploited, we are sure that the benefits are worth the effort.

There is very little research into this area and much of the data collated is old. Perhaps attitudes of students and employers have changed. Principles of the sandwich principle have been adopted.

Little is known about the effect of the sandwich principle on the labour market. In the 12 years since our first hearings on the subject, the situation has improved, but there is still much less work to do.

Small wonder that companies with 20 per cent of their sales tied up in outstanding debts and a similar or higher ratio of their purchases reserved against outstanding credits, find themselves short of buying power. The idea that the nationalised industries, sitting together with Government and a few representatives of end users, can create and administer a national policy is alarming.

Surely the soundest policy is for the cost of fuels including coal, to be reported area by area so that the users large and small, with the help of their qualified and experienced advisers can select plant and equipment year by year on an economic basis.

Each energy supplier, whether coal, gas, oil or electricity has the flexibility to adjust its supplies according to demand provided this is based on a true market appraisal and not subjected to the sudden swings that inevitably follow political intervention.

F. M. H. Taylor, Past President of the Chartered Institute of Building Services, 61 Philimore Place, W.8.

budgets and maximum credit. While the Ministers responsible are no doubt gratified at the success of the conference at the cash-and-carry, a go-slow on bills payable is condemned as restrictive practice, while a go-slow on bills payable is condemned as what? As the cost-of-living index rises, month by month, a pound due in January is worth much less, if not paid till June.

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Mr. Heffer's comments come very near to suggesting that MPs, worse, should have closed minds. I hope that is not what he means. I prefer to believe that for the great majority of MPs, it is simply not true.

Mr. McLeish,

Notions Associates,

4 Tudor Street, F.C.4.

Fruitful and creative

The Head of Department,

Mathematics and Computing,

Wolverhampton Polytechnic

Sir—I am pleased to be able to support Michael Dixon's plea (June 19) for the retention of the sandwich principle. My colleagues and I are fully convinced of the value of this type of contract and are continuing to develop and refine the principle. We find there is no basic conflict between ourselves and industry/commerce and are able to match their aims with our academic ones. Quite clearly they do not always coincide—but they certainly form a most natural complement.

We have experienced a fruitful and creative partnership with both the wealth-creating industry and the public sector. Our partners in this co-operative venture come under severe economic pressure from time to time and find it very difficult to provide enough placements but we have always found them appreciative and sympathetic. It is clear that the Government through its training agencies will in future support industry's efforts in this valuable academic establishment and the commercial world is reliable and creditable. Trade buyers on minimum

### Debtors and inflation

From Mr. A. Darg.

Sir—Before writing his letter of June 23 Mr. Forman could perhaps have glanced through the Law Commission's Working Paper No. 66.

The difference between computer bureaux, etc., and factoring is that the former are usually necessary, whereas the latter ought not to be—that is, when overdue debts are eventually subject to statutory interest rates. To abandon this in favour of Mr. Rogaly's preferred system would, at higher tax rates, put a married man with children at a great disadvantage compared with a bachelor earning the same income.

Perhaps this is "right" but at least the case should be argued. My own view is that it would only be right if everyone had the same income.

C. W. Sanders, 42, Smith Street, S.W.3.

It is clear that the Government through its training agencies will in future support industry's efforts in this valuable academic establishment and the commercial world is reliable and creditable. Trade buyers on minimum

signature:

Executive health

From Doreen Jameson.

Sir—One reads a lot about the effect of stress on executive health. My experience has been that most executives enjoy and find stimulating a good deal of stress—it is when it becomes strain that the trouble starts.

Doreen Jameson, 1, Cavendish Court, 43, Leinster Gardens, N.W.1.

Credit managers control is debt more than credit. Trade buyers on minimum

signature:

Energy and politics

From Mr. F. Taylor.

Sir—I have read with interest your comprehensive coverage (June 23) of the memorandum submitted to the National Energy Conference as well as the report on the speeches delivered on the day.

## GENERAL Shipbuilding tripartite talks open under the chairmanship of Mr. Eric Varley, Industry Secretary.

## PARLIAMENTARY BUSINESS

House of Commons: Education Bill, second reading, debate, 1st stage.

Commons Select Committee.

Science and Technology (Science Sub-committee).

World Bank new interest rate formula takes effect to-day.

Aims of Freedom lunch to Dr. Robert Strauss-Hupe, U.S. ambassador representative to the council of Nato, Press Centre.

General Mohammed Abdel-Ghani el Gazzas, Egyptian Minister of War, continues official visit to the UK, as guest of the Ministry of Defence.

Welsh National Conference of Community and Town Councils, Aberystwyth.

THEATRE TRUST BILL, third reading.

Police Bill, second reading, debate, 1st stage.

Report on the 33rd Report on European Communities Committee on Hallmarking and precious metals.

OFFICIAL STATISTICS

Energy Trends. Capital expenditure by the manufacturing, distributive and service industries (1st qtr.). Manufacturers' and distributors' stocks (1st qtr.).

British Sugar Corporation (half-year). Grandas Group (half-year).

COMPANY MEETINGS

Amalgamated Power Engineers.

inc., Bedford, 12. Bremer-Glasgow, 10.30. Canadian and Foreign Investment, 8. Bishopsgate, E.C. 14. Gl. Tower Street, E.C. 19. Estates and Agency.

# COMPANY NEWS + COMMENT

## Best-ever £2.48m. from Geo. Bassett

A SALES increase of 21 per cent to £64.01m.—including exports up from £4.78m. to £5.82m.—is announced by Geo. Bassett Holdings for the year ended March 31, 1976 and profit before tax was up by 52 per cent to a record £2.48m., after £1.18m. (£0.25m.) in the first half.

Sugar and other raw material costs are now more stable and so far this year sales and profits are ahead of budget. States Mr. D. Gordon Johnson, chairman. The company is in the process of re-gaining the volume lost in the first half of the year 1975-76.

Mr. Johnson says that the company, in common with the rest of the confectionery industry, suffered a drop in volume following the sharp cost and price increases during the latter part of the previous 12 months.

Nevertheless, group profits for the last two weeks were higher than for the previous 12 weeks.

The wholesale group, Drakes, experienced difficult trading conditions during the second half, but returned a record £450,000 for the full year. The Dutch and Australian manufacturing subsidiaries also continued to make very satisfactory progress.

Stated earnings per 25p share up from 8.1p to 11.2p before extraordinary items of £12,000 and 10.4p after. Final dividend is 3.825p net for a 4.6124p forecast (4.2165p). At the gross level dividends are the maximum allowed.

1975-76 1974-75  
Sales ..... 64,011,000 51,100,000  
Confectionery ..... 26,278 26,092  
Wholesale div. ..... 13,721 13,416  
Trading profit ..... 2,731 1,691  
Interest charges ..... 1,204 1,081  
Profit before tax ..... 1,180 844  
Net profit ..... 1,098 844  
Earnings per share ..... 11.2

\* Includes £21,000 in the profit-share sub-

\* Due to a change in the accounting treatment of the conversion into sterling of some subsidiary debts, figures are stated in £s. and earnings per share eliminated.

### • comment

Geo. Bassett's full-year profits may be more than 50 per cent. higher before tax but they still reveal that the recovery which began 18 months ago has started to peter out. After a huge pre-tax double-digit rise in the first six months, second-half profits (on a comparable basis) slipped by around 11 per cent, reflecting lower contributions from both divisions.

Margins on the manufacturing side improved by roughly 11 points last year to 7.6 per cent, but with no price rises planned for 1976-77 the group will probably have difficulties in holding them at this level for much longer. The group has trimmed overheads on the declining tobacco side, and reckons that volume on the confectionery side is at last beginning to recover.

The shares at 75p—where the yield is 8.8 per cent, and the p/e 6.4—we unlikely to move much higher in the immediate future.

### Royal bonus improved

Royal Insurance has declared higher rates of dividends, bonuses and profits to all UK with-profit assurances maturing or becoming death claims on or after today. The improvement takes the form

### INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
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A.D. International	22	6	Halma	23	3
Bassett (Geo.)	22	1	Hargreaves Group	25	1
B.E.T. Omnibus	22	1	Hickling Pentecost	23	8
Bett Brothers	22	8	Lamont Holdings	25	2
Blundell-Permogla	22	7	Lannons Group	22	4
BPP Industries	22	4	M & G Dual Trust	23	7
Brentnall Board	22	2	Monk (A.)	23	2
Brickhouse Dudley	22	3	Pegler-Hattersley	23	2
Brit. Cotton & Wool	23	1	Royal Insurance	22	1
C.G.S.B. Holdings	23	7	Scotcros	25	3
Crest Nicholson	22	2	Vectis Stone	25	3
Dunford & Elliott	23	1	Weston-Evans	22	6
G.E.C.	23	6	Williams Hudson	22	7

of paying a higher rate £5.5 per cent. per annum on existing bonuses, while reducing the rate on the sum assured unchanged at 12.5 per cent. per annum.

This represents a radical change in the bonus policy of Royal which since 1963 has been to declare a rate applicable to both new assured and existing bonus.

Mr. A. C. Baker, chief actuary, said yesterday, "this new method is a normal extension of the bonus system which had not been adopted by the company.

should help to ease the margins problems while the new engineering interest should be bringing in extra profits. This leads to overall profits of something over 5 per cent. this year which, conservatively, gives the shares at 37p a p/e of 8 on a maximum prospective yield of 10.6 per cent.

## Brickhouse Dudley's peak £1.6m.

MANHOLE and inspection cover makers Brickhouse Dudley reported turnover up from £10.01m. to £16.88m. for the year to March 31, 1976 and an increase in pre-tax profits from £1,500,950 to a record £1,592,631 after a £40,000 rise to £750,000 in the first half.

Tax for the year absorbs £182,293 against £228,974 and the attributable balance is up from £161,971 to £211,900.

The probability of further cuts in spending within the construction industry cannot be ignored, he tells members and accordingly it is difficult to forecast the outcome for the full year. However, all plants are fully employed and he is confident that results will prove satisfactory.

### • comment

Pre-tax profits of Brickhouse Dudley rose by only £100,000 to £1.6m. this year but this is a creditable performance, according to the chairman, Mr. R. M. Huxley.

The chairman, Mr. R. M. Huxley says that the current period has begun with an improvement in order intake, and sales to date are ahead of last year.

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### • comment

Pre-tax profits of Brickhouse Dudley rose



# HIELD BROTHERS LIMITED

Manufacturers of worsted cloth

The 54th Annual General Meeting was held on 30th June in Bradford. Mr. Roderick Hardy Field, O.B.E., Chairman and Managing Director, presiding. The following are points from his circulated statement:

- Continued worldwide recession created most difficult trading conditions for many years.
- Inflationary costs and under capacity working eroded profit margins.
- In all circumstances the results, although disappointing, are considered satisfactory.
- There are indications of a revival in demand but selling prices are still under pressure.
- The Queen's Award for Export Achievement received for the second time.

FINANCIAL SUMMARY	1976	1975
Sales	7,547,000	7,610,000
Profit before tax	301,413	694,640
Profit after tax	113,042	331,002
Dividends	125,562	125,562
Direct exports	61.5%	63.5%
Ordinary dividend per stock unit	0.745p	0.745p
Share capital and reserves	£2,951,073	£2,963,593

Copies of the Report and Accounts for the year ended 31st April, 1976, containing the Chairman's Statement in full, can be had on request from:

THE SECRETARY, HIELD BROTHERS LIMITED,  
BRIGGELLA MILLS, BRADFORD BD5 0QA.

## INTERIM STATEMENT

### Blundell-Permoglaze

Excellent half year results

Extracts from the  
Interim Report by  
N. G. Bassett Smith,  
Chairman

	Half year (Unaudited)	Full year
Sales	30,476	30,475
Profit before Tax	377,871	272,013
Net Profit attributable to Group	176,631	125,539
406,482		

\* Despite operating in a depressed market over the last 18 months, we have increased our market share and profits have increased proportionately.

\* After tremendous expansion last year, exports continue to grow and for the first six months are 13% up in volume over the same period last year.

\* I am convinced that we can look forward to the remainder of the year being successful and thus show further growth in both turnover and profit."

\* The Board anticipate increasing the total dividend for the year by the permitted maximum and, in order to reduce the disparity between the interim and final dividends have decided to declare an interim dividend at the rate of 0.86p per share as against 0.67p last year.

Blundell-Permoglaze Holdings Ltd.,  
York House, 37 Queen Square,  
London WC1N 3BL

'Over a period of five years we have consistently increased our profits.'

Mr. W. R. Alexander, Chairman

Year ended 31 March	1976	1975	1974	1973	1972
Sales	13,485	11,810*	10,289*	5,937*	4,965*
Profit before taxation	731	600	521	280	254
Earnings per ordinary share	6.0p	5.0p	4.2p	3.7p	3.2p

\* These figures have been adjusted for sales of subsidiary companies, either sold or wound up, during the five-year period.

A copy of the report and accounts may be obtained from:  
The Secretary, Scotcros Limited,  
Fitzpatrick House, Cadogan Street, Glasgow G2 6QR

**SCOTCROS**

## BIDS AND DEALS

# New management for Yorkgreen Trust

New management for Yorkgreen. The chairman of Yorkgreen Investment Trust, Mr. David Innes, has resigned along with two other directors, Mr. T. Buffett and Mr. V. McNeel. At the same time a 29.8 per cent holding has been purchased by the Italian International Bank, a state previously held by Heenan Spark which has gone into compulsory liquidation.

Associates of Italian International have been appointed to the Yorkgreen Board, with Mr. L. Salmon as chairman. The other new directors are Mr. Roland Jarvis, as managing director, Mr. Angus Murray, Mr. D. Drake, Mr. D. Kleeman and Mr. M. Walsh.

Mr. Innes said last night that he is leaving the company to concentrate on other interests, principally as chairman and managing director of Englefield London, a private company which manufactures never-used aircraft parts.

The Italian International Bank stake has been purchased at an average price of 3.65p per share, which compares with last night's closing price of 4p. Up to now a spokesman for the new management said yesterday that there were no specific plans for the company, which currently has a portfolio of quoted and unquoted investments. A clarifying statement is expected in the annual accounts for the year ended April 30, 1978, and also at the annual meeting.

It is not the present intention of Italian International to make a bid for the remainder of the Yorkgreen capital.

Yorkgreen reported a deficit in the last half-year period and net assets per share at the end of October were shown at 4.4p compared with 4.8p at the end of April, 1975.

Yorkgreen has a deficit in the new half-year period and net assets per share at the end of October were shown at 4.4p compared with 4.8p at the end of April, 1975.

Under the terms of the merger via a scheme of arrangement, minority holders in Messel have been a steady buyer of London Tin shares through the market and the last official figure given for the holding controlled by Pernas was 28.6 per cent.

A hearing has also been set for July 6 on the pending minority shareholder suit challenging the merger and Hanson's favour of the merger.

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Brent Walker sells shopping interest

Brent Walker has sold its 25 per cent stake in the company which developed the Brent Cross shopping centre in North London to Standard Life Assurance for £3.7m.

The other 75 per cent of Brent Cross (Holdings) Joint Development is owned by Hammerson Investment Trust, with which Brent Walker has been involved in a legal dispute about what share Brent Walker would receive of revenues from the centre. This dispute has now been settled.

Standard Life, which financed the development will now start discussions to settle the equity and revenue split between them as partners in the project.

The involvement of Brent Walker, a leisure group whose chairman is Mr. George Walker, came through the merger of the Walker boxing brothers' company, G. and W. Walker, with Hackney and Hendon Greyhounds, Hackney and Hendon had owned a greyhound stadium on the Brent Cross site part of which is sold to Standard Life for £800,000 plus a quarter share of the centre's development of the commercial banks.

Hammerson arranged finance with Standard Life, a large shareholder in Hammerson. The funding was at 6.5 per cent, with Hammerson taking 40 per cent of net revenue.

Brent Walker disputed this funding agreement which effectively diluted its share to 15 per cent, it was due in court with Hammerson on June 8 but the parties withdrew to settle privately.

Brent Walker's interest in Brent Cross is included in the balance sheet at £25. Mr. George Walker said yesterday that some of the £3.7m. cash would be used to increase the company's interests in the Middle East.

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According to New Brunswick's Natural Resources Minister, Mr. Roland Piché, the Canadian province is carrying out a scale study of its mineral resources tax structure and will implement changes next spring. He says that a flexible policy will be developed to encourage more refining in the province and greater efforts to extract minerals. New Brunswick is a major producer of lead and zinc, companies represented include Quebec Mining and Smelting, Heath Steele Mines, the Sullivan group (Nigadoo River Mines) and Anaconda.

Although the State-controlled Zambia Industrial and Mining Corporation managed to raise its turnover to K12bn. (filsa) last year its profits dropped to K278.2m. (£245m.) from K323.7m. Zimindco indirectly owns 51 per cent of Zambia copper mines and its chairman, President Kaunda, has warned that unless there is a further improvement in the price of copper the group's profits may be down again this year.

It is reckoned that the open-pit operation could support a throughput of 20,000 tons per day and the current exploration programme envisages the drilling of 22 more holes to the south and south-east of the property where the ground is still open. A series of 28 holes were put down last year.

RECOVERY HOPES FOR PETALING FOR PETALING

Estimated net profits of the Malaysian tin producing Petaling for the six months to last April have fallen to \$1.065m. (£240,000) compared with \$2.04m. for the same period of 1974/75. The benefits of a modest increase in tin concentrate production to 687 tonnes from 645 tonnes and a higher average Penang metal price of \$1.065 per kilo against \$9.50 a picul have been offset by the export restrictions imposed by the International Tin Council.

In the past year, Petaling was able to sell only 457 tonnes of tin ore which meant that stocks at end-April were 417 tonnes of which 289 tonnes could not be sold. Stocks subsequently sold were valued at prices since realised, and those in excess of the quota were valued at cost of production. The unrealised profit on stocks at end-April was \$1.3m.

The modest reduction in current quota by the ITC and the recent sharp increase in the metal's price (it was \$1.167 in Penang yesterday) should enable Petaling to recoup most of its earlier losses in the current half-year. The metal market was given a further fillip yesterday when it was announced that the tin buffer stock held by the ITC had fallen to only 2,820 tonnes at June 30.

ROUND-UP

South African gold holdings were virtually unchanged at R576m. (£284m.) in the week ended June 25 according to latest figures issued by the Reserve Bank. This indicated that the Republic was able to dispose of all its weekly newly mined production, estimated at around 14 tonnes, on the free market.

Owing to increased costs and lower operational capacity of the company's southern Philippines

## APPOINTMENTS

# Senior posts at Butler Till

Mr. John White has been appointed joint deputy managing director of BUTLER TILL, sterilising and bactericidal experts, in succession to Mr. Alan Carter Smith who has retired. Mr. Brian Deebel has become joint deputy managing director of Guy Butler (International), currency deposit and foreign exchange brokers, while Mr. Alan Nichols, previously an assistant to the directors, has been made a director of that company. Mr. Michael Young has been appointed an assistant to the directors of Guy Butler (International) with special responsibility for business in South East Asia.

Because of his increasing responsibilities within the Distillers Company, Mr. J. R. Cox, deputy chairman of Distillers, has been appointed chairman of UNITED GLASS. He will be succeeded as chairman of United Glass by Major D. A. Blair, who has been appointed to the United Glass Board by Distillers Company. Also appointed to the United Glass Board are Mr. J. R. Griffin who is managing director of the UK closures and plastics division, and Mr. A. Phibbs, head of UK research and development.

Mr. Dennis Hardy has been appointed to the Board of TEST AND PRODUCTION AIDS, chairman of Viners, has been appointed chairman of the Sheffield and District Branch of the INSTITUTE OF DIRECTORS in place of C. H. Nicholas.

Mr. Francis Mackay has become financial controller of the LONDON CO-OP succeeding Mr. Reg Brynmecombe, who has retired. Mr. Denis Hardy has been appointed to the Board of TEST AND PRODUCTION AIDS.

Mr. R. G. Martin, chairman and chief executive of Tarmac, has been appointed a member of LEGAL AND GENERAL INSURANCE SOCIETY'S Midlands Advisory Board from January 1, 1977.

Mr. Alan Twyford has been appointed sales director of VOLSTATIC HOLDINGS. He was previously general manager, Lord Lake has been reappointed president of the INSTITUTE OF EXPORT. New chairman on retirement of Mr. Cuthbert Drury, is Mr. George Lockhart. President Clive M. Schmitthoff, an international trade lawyer, has become vice-chairman.

Mr. Richard Denyer, at present deputy director for the Yorkshire and Humberside Region of the British Council, is to be general secretary of the TEXTILE INSTITUTE, based at its Manchester headquarters from September.

Mr. Dennis Randall has joined the Board of CLARKE CHAPMAN as deputy chief executive. He is currently deputy managing director of the company's mechanical engineering group.

Mr. Dennis Sewell has been appointed deputy managing director of CONSUMER AND VIDEO HOLDINGS, a subsidiary of Planteau Holdings.

Mr. William Harris, chief general manager and a director of the Phoenix Assurance Company, has been elected chairman of the BRITISH INSURANCE ASSOCIATION. Mr. W. G. Eastam, chief executive of the company's headquarters in Tuscaloosa, Alabama. He is at present commercial director of the Atlanta and Harvey, agricultural divisions of Lunkin Chemicals Group. Falak-Lunkin is a joint company formed by Falak vice manager.

Mr. Christopher J. Bell has appointed a director of the CHESTER EXCHANGE INVESTMENT BANK responsibility for northern division based in Newcastle.

Mr. David M. Vevers has appointed group communications manager of the CHARTER GROUP and Miss Sally We have been made group information manager.

Mr. Colin Cole, sales director of Alcos Manufacturing (GB), has been appointed to the board of the Fitch Lovell Group.

Mr. W. S. Kennedy has appointed general manager of SEVERED PRODUCTS. He remains a director of Sheet Equipment and general manager of that company's ensin division. Mr. R. H. T. Dix has been made general manager of Sheepbridge Equipment, its division.

Mr. Christopher J. Bell has appointed a director of the CHESTER EXCHANGE INVESTMENT BANK responsibility for northern division based in Newcastle.

Mr. Alan Twyford has been appointed chairman of the Knitwear Division. Knitwear Division has done well to maintain profit level; Warp Knitting Division increased capacity and profits during the year.

\* Improvement in profits in spite of difficult conditions in the textile industry.

\* Total dividend payment recommended increased by maximum permissible.

\* Profits recovery in Dyeing and Finishing Operations as a result of improved efficiency; Knitwear Division has done well to maintain profit level; Warp Knitting Division increased capacity and profits during the year.

\* Group profits in first quarter of current year up on last year—Indication of a general, but slow, improvement in the textile industry.

## Interim Statement



# Dunford & Elliott Limited

## Return to trading profit

Chairman, Mr. Frank Welsh, reports to shareholders

In February I stated that there were encouraging signs that the worst of the current recession was over. In the event the upturn has proved very modest, although sufficient to bring about a return to trading profit, and indicates improved prospects for the Dunford & Elliott Group in 1977.

As the severe downturn in the steel market coincided with our half year end in March 1975, the results for each of the last three half years are shown to indicate the progression of trading over the last 18 months. The comparison is encouraging. While the trading profit for the half year under review has fallen short of that for the comparable period to March 1975, there has been a turnaround of over £2m compared with the trading loss for the six months ended September 1976 and after deducting interest charges, not yet fully covered, the pre-tax loss of £593,000 compares with a pre-tax loss of £2,411,000 for the second half of last year. The unaudited Group balance sheet reflects the sale of investments since September 1975 and the consequent reduction of Group borrowings by over £2m.

Steel group Demand during the half year has continued to be well below the capacity of the plant, even before the introduction of the new facilities now operative at Brown Bayley Steel Limited.

The order intake for rolled steel products is now steadily but slowly improving and we hope that this will lead to full use of our enlarged capacity during 1977. Price increases effective within the next few days will help, to some extent, towards offsetting inflated costs, particularly that of scrap. As anticipated, the demand for alloy steel forgings has decreased, but signs of some recovery are already apparent, notably in export markets.

## Hargreaves in position to continue expansion

Hargreaves Group is in a strong position, now to move forward still further, Mr D. Peake, chairman, tells members in his annual review.

Capital expenditure on replacement of older and less productive plant and vehicles has been, and will continue to be, maintained. In 1975-76 some £1m. was spent and a further £2.75m. has been authorised for expenditure during the current year.

He states that resources have been released for use elsewhere by the sale in May of certain sections of Hargreaves Industrial Services to Cavendish Holdings and in February, 1976, of the effluent treatment division of E. B. Budon Engineers to Douglas-Routman International. Earlier this month negotiations were completed with Amey Roadstone Corporation for the sale to them of the sand and gravel interests of Hargreaves Quarries.

The disposals free working capital totalling about £0.85m.

On diversification abroad, Mr. Peake says that arrangements are in an advanced stage of completion for participation in a joint venture with established local interests in Saudi Arabia for the production of high quality blocks for the building industry.

In June it was reported that trading profit was £2.45m. (£2.06m.) and pre-tax profit for the year to March 31, 1976, increased from £2.21m. to £2.57m.

The dividend is stepped up from 2.125p to 2.3045p net.

On a current purchasing power basis pre-tax profit was £1.35m. (£1.06m.). However, on a current cost accounting basis, operating profit is estimated at £1.18m. after deducting from pre-tax profit £1.05m. in respect of cost of sales adjustment and £1.21m. in respect of additional depreciation and after adding £1.19m. in respect of the CPP adjustment to net monetary liabilities.

On a CPP basis the total equity interest at March 31, 1976, is £13.35m. (£16.02m.) compared with £11.39m. (£10.8m.) historical. Meeting, Wetherby, West Yorks, July 27, 11 a.m.

Chairman's statement Page 22

### Profit down at BET Omnibus

Pre-tax profit of BET Omnibus Services, a member of the B.E.T. Group, decreased from £3.27m. to £2.49m. in the year to March 31, 1976, and the net balance is down from £1.85m. to £0.86m., including extraordinary credits of £0.28m. (£0.1m.).

Earnings per 100 Ordinary unit decreased from 11.9p to 8.4p, and from 17.4p to 8.4p after extraordinary items. A final dividend of 4p makes a reduced total of 13.3p (17p) net.

Profit was adversely affected by the continuation of the losses incurred by the Murphy Bros. subsidiary.

All fixed price civil engineering contracts made in earlier years, which contributed to the losses, have now been completed, and the estimated net losses on the contracts up to their completion have been provided for in the accounts, the directors say.

In Germany, the trading of the Murphy Bros. subsidiary, Jungs and Gruber, was affected by depressed trading conditions in the German construction market.

Lamont's chairman, Sir Desmond Lorimer, which still exists. Results of the Grayston sub-

sidiary and the share of profit of the associated company maintained expected levels.

### £0.3m. loss by Goldring: no dividend

ON TURNOVER down from £2.1m. to £1.85m. and after exceptional expenditure of £2.872 against £23.461 sound reproduction equipment makers Goldring made a pre-tax loss of £296,222 for 1975 compared with profits of £19,342 in 1974, reporting a loss of £74,085 against profits of £110,670.

The directors say there were hopeful losses in the second six months would show down.

They now say that the recession affecting the Hi-Fi industry deepened during 1975 and sales were further affected by the increase in VAT.

Sales in the early part of 1976 continued to be disappointing but there are signs that the reduction in the rate of VAT will have a favourable effect on short sales as it recovers the tax.

Exceptional expenditure in 1974 and 1975 relates to costs arising from the transfer of factory facilities to Bury St. Edmunds. It is hoped to recover this expenditure from the local authority of London.

There is a tax credit of £78,001 against a charge of £15,000. No dividend is being paid compared with a net total of 1.65p for 1974.

### Brentnall Beard 200% scrip

PRE-TAX PROFITS of insurance brokers, Brentnall Beard (Holdings) increased from £163,029 to £220,123, in the half-year to March 31, 1976, and the chairman, Mr. F. Brentnall Beard, says he sees the rate of growth continuing to give a substantial increase in profit for the year over the £235,587 for 12 months to September 30, 1975.

Earnings per 100 shares for the 12 months ended 30 April (4.32p). The interim dividend, on capital increased by a rights issue, is raised from 1.515p to 1.445p and a two-for-one scrip issue is proposed. Last year's final was 1.905p.

The rise in profits stemmed from an increase in brokerage derived from expansion both in the U.K. and abroad with the main impetus coming from overseas. The chairman, Mr. F. Efford, says the premium from the U.S. proved successful, good contracts have been made there, and Brentnall Beard Inc. in conjunction with associates were incorporated to undertake the servicing of the American business. He anticipates that useful profits will be generated by this company.

Elsewhere overseas he is "well satisfied" with continued progress and growth.

### Lamont provisions

Lamont Holdings, the engineering, financial services and property concern from the former Slater group, chairman, Mr. Tony Buckley, recently resigned as group managing director, has made taxable profits of only £3,000 in 1975, compared with £14,843 the previous year.

Referring to Mr. Buckley's appointment with the intention of expanding the company's financial services division, Lamont's chairman, Sir Desmond Lorimer,

which still exists. Results of the Grayston sub-

sidary and the share of profit of the associated company maintained expected levels.

As a first stage of this expansion, we began discussions with London and European Group with regard to merging our various and complementary activities in financial services and investment banking. These negotiations continued until March of this year, at which point we decided to withdraw and continue our development in this field independently. At the same time Mr. Buckley gave up his executive position with the company and has since left the company's service.

He adds: "We have made provision in the accounts for a write-down of £100,000 in respect of investments connected with those developments which were entered into at the end of last year.

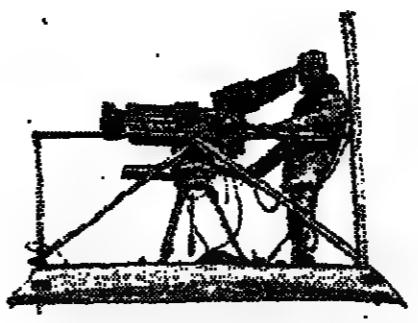
Further similar type investments made in the early months of this year will require the company to make additional provisions of approximately £50,000 in the current year."

The dividend is maintained at 0.7p per share.

To a point when we are able to pay the bulk of our ever increasing dividend from UK profits.

Not that our rubber business isn't booming.

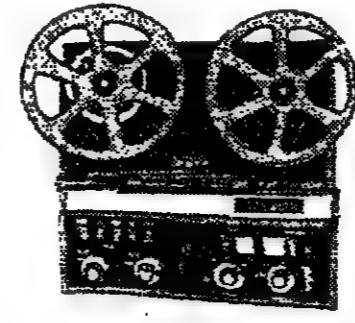
## GONE ARE THE DAYS WHEN WE WERE JUST A GOOD RUBBER INVESTMENT.



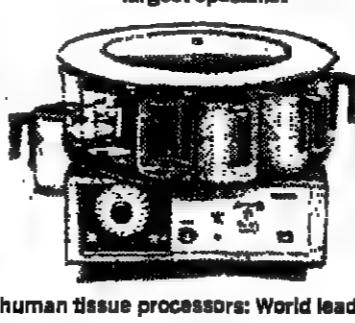
In independent T.V. facilities: Europe's largest



In telegraph test equipment: outside the USA, the largest



In entertainment tape recorder heads: Europe's largest specialist



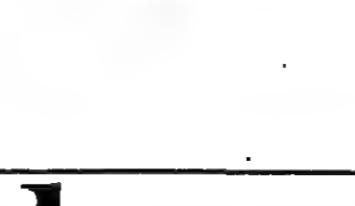
In precision sheet metalwork: Britain's largest



In human tissue processors: World leaders



In paper chromatography: Britain's largest



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A practical contradiction of the theory that conglomerates don't work.

They do.

But you need a special approach to management, sound financial skills and a spicing of luck.

So when you are dealing with a company that says, "A member of the Plantation Holdings Group" on its letterhead, we think you will find its businesslike approach is one of the most buoyant things ever to come out of a jungle.

### PLANTATION HOLDINGS LTD

St. Alphege House, Fore St., London EC2Y 5DL  
Tel: 01-588 6783



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But perhaps even that is not enough to make you want to move. There are other important arguments too.

Like where is it? Is it accessible? Would your key staff enjoy living and working there?

We'll start by telling you that it's in Birmingham. And it's right at the business and commercial heart of that City.

Even so, Birmingham may not quite be your idea of heaven.

All the more surprising then, that it's full of ex-Londoners who wouldn't dream of going back.

They live in fine houses in Edgbaston and Sollihull. And their wives take trips to the Cotswolds and Shakespeare Country on sunny summer afternoons.

Obviously there are quite a few misconceptions about Birmingham.

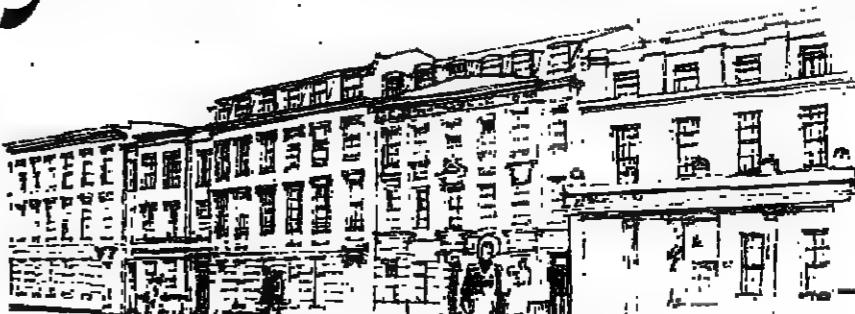
People know, of course, that it has Spaghetti Junction and the National Exhibition Centre.

But they don't always realise that it's at the heart of national motorway and rail networks. Waterloo Court is five minutes walk from New Street Station—quicker than calling a cab!

Or that it has its own international airport just eight miles away.

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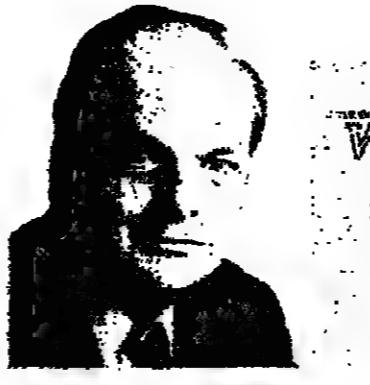
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## INTERNATIONAL COMPANY NEWS + EURO MARKETS

# Neckermann listing suspended in W. Germany

BY GUY HAWTIN

FRANKFURT, June 30.

**DEALINGS** in the shares of Neckermann Versand were of the German retail market suspended on the West German Stock Exchanges this morning, a day before the store and mail order group's annual meeting. The management asked for the suspension of the quote following a bout of speculation in the shares, prompted by take-over rumours.

Later Neckermann — West Germany's third largest store group — called a surprise Press conference to announce that plans are afoot for Karstadt, the country's largest department store operator, to acquire a substantial part of Neckermann's equity. No details of the size of the holding were given. It was described as a good "schatz" — which implies a holding of over 21 per cent.

Betting here is very heavy that Karstadt hopes finally to buy all of the Neckermann family's estimated holding of around 28 per cent. in the Frankfurt-based group.

The refusal to disclose the size of the family's holding, and stated the strategy, for Karstadt and the family to pool their shares.

The management believes it will not receive any opposition to the deal from the Federal Cartel Office in Berlin. It points out that the new group

FOR THE FIRST time in years, searching questions are being asked about Cie Generale d'Electricite (CGE) — long established as France's biggest electrical group, and one, it seemed, that could do no wrong. CGE was involved in almost every one of the country's high technology projects. Confident and assured it symbolised as much as any other company the astonishing emergence of France as a front-line industrial power.

## Different animal

The past 12 months have wrought momentous changes in its make-up. CGE has been deeply affected by the well-publicised decision taken by the French Government, reshaping its nuclear, computers and telecommunications policy — and, to put it mildly, the company's views have not prevailed everywhere. The CGE of June 1976 is a different animal from that of 1975; the question is whether it is a stronger one or a weaker one. But first, a brief recapitulation of the events.

In May last year, President Giscard d'Estaing decided to merge CIL in which CGE along with its "sweet enemy" Thomson, was the major French private shareholder, with the U.S.-controlled computer group, Honeywell-Bull. In doing so, he finally did what CGE had been trying to do for more than a year. Three months later, though, came a severe blow: the Government's choice of the BWR reactor offered by Baron Edouard Jean Empain's Creusot-Loire group as the sole supplier for the ambitious civil nuclear programme planned by the State electricity authority, EDF, at the expense of the BWR reactor developed by CGE under licence from the U.S. General Electric.

Then, in May 1976, arrived the third headache-making decision-orders placed by the PTT for both semi- and fully electronic telephone exchanges as part of the headlong drive to give France a worthy phone service within seven years. In the process, Thomson, at a stroke, gained some 36 per cent. of the French phone market, compared with 37 per cent. for CGE,

At best this was a mixed bag for M. Ambroise Roux, the 55-year-old president of CGE, and a man who, for his management skills and forceful outspokenness on behalf of industry as a whole, has been likened to GEC's Arnold Weinstock. The news magazine *Le Point* caught the mood with its headline a month ago: "What's happening to CGE?" It asked: "In its major activities, the company is losing either its hopes or its leadership. Industrial failures? or a political conspiracy?" *Le Point* enquired in the staccato style beloved of the French weeklies.

The man at the centre of the storm, however, has not lost his usual self-confidence, nor the forbidding artfulness born of training at the Ecole Polytechnique, followed by a period as a top official in the Industry Ministry. More to the point, M. Roux produces hountiful evidence that the company he has run for 13 years is firmly on the right track.

Perhaps the least important aspect in the financial state of the group, which in typical French style is moulded around holding company CGE itself, from which radiate its 60 subsidiaries, is Alsthom for telecommunications, Aérospatiale for aircraft equipment, as well as the 19 per cent. holding in CIL-Honeywell-Bull through which CGE will exert the guiding responsibilities it has been promised in the new computer group.

Consolidated earnings will be sharply higher this year, after 1975's fall to Frs.141m. ( \$16m.). Alsthom's well documented problems (a Frs.115m. loss last year) are receding, and sales are set to jump 15 per cent. from 1975's Frs.17.4bn. (£2.1bn.). The group's cash position has improved by Frs.1.1bn. since the start of 1975, and as M. Roux told shareholders last week, orders in hand now stand at Frs.25bn., equivalent to 17 months' work.

"At least the hours now have no worries about us," M. Roux says, but these figures give scant clue to the events of the last 12 months. The most clear-cut re-

verse was the power station decision. "The nuclear business sector which has raised the greatest doubt about CGE, and created one monolithic entity, was a failure. Let's not talk about it anymore." With the choice of creusot-loire, not only for the reactors but also to lead the consortium in Novatome, the company handling France's fast breeder programme, CGE saw the end of its hopes to become a genuine French equivalent of Siemens.

It was this development which led to the growing concentration of the group on computers and telecommunications, two areas which in any case overlap increasingly as exchange equipment becomes more sophisticated: not only on Honeywell-CIL, which M. Roux is confident will prove

It will be seen by the man said, "in the spatial where Thomson has bought in."

The facts bear him out. Over the period 1975-1980, orders announced by the postal ministry total 2.5m. lines for the fully-electronic exchanges of CGE, and "only" 1.8m. lines employing the space switching exchanges.

It is now up to M. Roux to deliver the goods, and he has no doubts.

Cit-Alcatel had already installed 100,000 lines using the E-10 technique — which CGE claims is in advance of anything else in the world — by April this year. The current capacity of its Treguier plant in Brittany is 200,000 lines, and this can be extended without problems.

Then there is the more advanced E-12, for which a prototype was ready last January. Amid all the excitement CGE's deal of March 1974, with Plessey seems to have been pushed into a siding. "Slow and dignified progress," M. Roux talked of, but the private feeling in Paris is that the British side made too much of the agreement for the "Felicie" exchanges that the two groups would develop jointly. In any case it might have made CGE hop back on the E-12.

The other source of hope for the group is the new alliance forged between Alsthom, a supplier of not only generators and turbo-alternators, but also diesel engines, and the fast diversifying shipbuilding group Chantiers de l'Atlantique. The merger was proposed by the two companies, and at first apparently caught

M. Roux off guard. But it fitted in with the strategy of having a separate supplier of nuclear equipment to the EDF. The his demise, however, seem somewhat premature.



M. Ambroise Roux

not only an industrial but also a financial winner, but on the mini-computer field where the Industry Ministry is taking a close interest, CGE has bought a further 21 per cent. of the peripherals concern Sintra, lifting its stake to 37 per cent. and virtual control. The goal is to merge Sintra with InterTechnique, thus creating a second grouping to balance the Thomson-Telemechanique combination already taking shape.

It is, though, the telephone

with Creusot-Loire would have sales of around Frs.25bn. on this subject alone.

Now if the new reorganisation of Alsthom-Atlantique, the company handling France's fast breeder programme, CGE saw the end of its hopes to become a triumph for Thomson, and an offshoot of the Swiss-based Brown Boveri, goes through, this defeat for us, but look at the scheme will take effect. M. Roux

ordered using our time division switching (electronic) exchanges talks of the "extreme necessity" for such an understanding, and the references seem to be on the part of CGE.

Even if the plans fail, Alsthom will be in a much healthier position. Allied with Chantiers de l'Atlantique it will be part of a Frs.9bn. ( £1bn.) engineering group, already dubbed "Mitsubishi a la Francaise," and less exposed to the whims of a sole major client, the EDF, especially when nuclear orders are being cut back.

## Nagging question

All this, though, does not answer a nagging question in the back of many minds: has M. Roux lost the favour of the government after his close relationship with the late President Pompidou — in other words with his successor at the Elysée Palace determined to cut him down to size by giving deliberate priority first to Baron Empain's Schneider group and Creusot-Loire, and then in telecommunications to Thomson?

Such suppositions are easy in the tight world where French ministries and industrialists overlap, but M. Roux is scrupulous.

"If there was a vendetta against me on telephones, then it hasn't worked. On CIL, I could never get the idea past President Pompidou, but Giscard finally came round to my point of view."

But there is an undeniable pleasure in helping a giant down from his pedestal, which may partly lie behind the present criticisms levelled at CGE. M. Roux seems implicitly to accept this. "I take clear-cut positions, on behalf of industry, and with the strategy of having a President of the Patronat, and

several other options of linking Alsthom what premature.

## Strong-arm tactics at Marubeni meeting

OSAKA, Japan — MARIUBENI, which has investigated in connection with the Lockheed pay-off, held its shareholders' meeting this week and the man with a question quickly silenced by stro

"I want to speak," the man said. "In sunglasses, I ran over and hit him. They were arrested at the meeting.

Such strong-arm men hand at most company shareholders' meetings in Japan as prevent stockholders raising embarrassing qu or protests.

Marubeni was Lecl sales agent in Japan. A managing director, To-Okubo, has been arrested charges of perjury

in investigating the scandi: Taichiro Matsuo, Mi president, told the r there were no gross allegations that Marubeni passed money from Le to Japanese government officials to influence aircr

**Matsushita's aim**

MATSUSHITA Electric profit of Yen 20.3bn. first half year ending 20 (Yen 13.7bn. for 1975).

Gross sales were Yen (49.9bn.) and the inter-dead Yen 3.5 ('same).

Matsushita is aim record gross sales 1.267bn. for the full year ending October 26, at with Yen 1.053bn. profit before tax and items is expected to t than six per cent. o sales and net after about three per cent.

## Hotel deal

FAR EASTERN Hotel opment said it propose the Singapore Hilton \$83.5m. to raise finance purchase of four logo sels costing \$1.222m.

Australian Singapor exchange queries it paid \$1.24.2m. as de the vessel. Reuter from Singapore.

**Fermiers Reunis**

STE DES FRONDES said it has bought an 80 per cent. stake in SA des Reunis for Frs.23m. Gevrault, Reuter report.

Fermiers Reunis, over of about Frs.27 year, and specialises products as does Fro Bel.

**Conoco forecast**

CONTINENTAL OIL expects that 1976 earn be substantially ab year's \$331m. or \$3.23 Deputy Chairman J Kircher told security

\* The per share is adjusted for recent one stock split, Reute from Stamford, Conn.

He said the upward trend of the first quarter continued, but predi improvement for the will be less dramatic first quarter.

Conoco, for the first quarter, earned \$142.0 per cent. from the ye period.

## IBM computers launched

BY TED SCHOETERS

PARIS, June 30.

PERRIER, the large French mineral water and dairy group is facing the future with optimism after a near-disastrous 1974-75 financial year during which it was on the verge of a serious liquidity crisis.

Between October, the beginning of the current financial year — and the end of June this year, group sales of mineral waters and other soft drinks have risen by 3 to 3 per cent. in volume and can certainly be expected to increase more steeply this summer as the result of the exceptional heatwave which has hit the country.

Among the other important factors which have led the group to adopt a more optimistic view of prospects in 1976, its consolidated net loss of Frs.15.4m. in 1974-75 (compared with a net profit of Frs.24.4m. in the previous year), are the Government's authorisation this month of price rises for mineral water, which will bring in an additional Frs.60m. in a full year.

Perrier's financial situation has been further eased by the sale of its 29 per cent. stake in the Genval food group to Felix Potin-Prinsterers supermarket organisation, which realised Frs.40m. as well as the much better performance of its dairy subsidiary Preval.

Perrier's financial situation is dispute with the Government over cost overruns, yesterday the result of inflation and constant changes of design by the

LITTON INDUSTRIES, one of its claims are met. The company says that the cost overruns are available for the job at that moment.

Apart from the two new virtual units provide

the two new virtual units provide

38 per cent. more processing power than the earlier models.

Whether people who do not want virtual machines will agree is a moot point.

The European manufacturing centres for the 138 and 148 will be in France and Germany.

Apart from the two new virtual machines have invested a considerable amount in the development of operational routines which are suitable only for that type of equipment not the virtual machine series.

But IBM does point out that

the two new virtual units provide on the larger IBM machines.

Called "virtual machine" technology, it allows the user to be

available to computer users lower down the range a facility hitherto available only

on the larger IBM machines.

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## COLON FREE ZONE II

# Panama's rulers seek to revive economy

**RELATIONS** have never been good between the Government last year. The inflation that struck the Panamanian private sector. Western nations in 1974 also meant a 25 per cent rise in prices in Panama, the recession which affected the principal trading nations in 1975 brought the worst slump Panama has known in two decades. Not surprisingly every optimistic report about rising American economic activity is good news to Panamanians.

Nevertheless, there have also been important domestic factors undermining economic growth and confidence, notably the Government's high rate of deficit spending and foreign borrowing and the conservative private sector's distrust of the regime's populist social measures.

The main problem with the Panamanian economy is of course its vulnerability to external forces. And with the world economy in upheaval over the past three years, there was no way that Panama could hope to emerge unscathed. As a result, after an annual growth rate averaging 8 per cent between 1958 and 1972, economic activity grew by 6 per cent in 1973, by 4 per cent in 1974, and by just 1.7 per cent in 1975.

## Initiative

After that confrontation, however, the Government was still left with the problems of a deep economic slump, heavy unemployment and growing popular unrest. It therefore took the unexpected initiative of contacting some liberal business men and, through them, began peace talks with the entire private sector. As evidence of

its good faith, the regime tempered its revolutionary rhetoric and dumped or shunted aside a number of leading Leftists who were in the Government.

The private sector's opening ploy was to present the results of a survey of 1,000 businessmen detailing why 51 per cent of them were at present unwilling to invest their money in Panama. The Labour Code was given as the main reason, particularly those clauses making it almost impossible to dismiss an employee after more than two years' service. But there were also complaints about the State's increased role in the economy, about the secretive way the regime legislates, unless quality is notably inferior.

In addition, the Government has picked up a private sector suggestion that mixed public-private groups be formed to advise leading Ministries on matters affecting the economy. A further complaint that the State often imports products rather than buying the locally-made counterpart evoked a promise that the Government will in future give priority to Panamanian goods unless quality is notably inferior. In practice, though, with a current account balance of payments deficit of \$240m. last year and a projected deficit of \$280m. this year, the Government has no choice but to seek new ways of substituting for imports.

Much will depend on the outcome of the current negotiations for a new Canal Treaty between the U.S. and Panama. If a new treaty is agreed upon and ratified by both countries, this will assuage international fears of possible anti-American violence as well as open up important economic opportunities to Panama. For example, even without considering the commercial possibilities created by Panama's recovery of jurisdiction over the Canal Zone, the annual payments from the U.S. to Panama for control of the Canal itself will increase from \$2.3m. to \$30m. and \$50m., an important sum to a country with a Gross National Product of only about \$1,500m. Confident in the

also ordered the formation of a Tripartite Commission—with representatives of Government, business and the trade unions—to study cases where low productivity should be considered sufficient cause for dismissal.

Already some projects, such as the Trans-Isthmian oil pipeline, have been shelved or postponed. The massive Cerro Colorado copper mining project is going ahead, but financing has still to be obtained.

Similarly, talk of new fishing and container ports, of new sugar mills and new hydro-electric dams will only become reality with international confidence and foreign funds.

Much will depend on the outcome of the current negotiations for a new Canal Treaty between the U.S. and Panama. If a new treaty is agreed upon and ratified by both countries, this will assuage international fears of possible anti-American violence as well as open up important economic opportunities to Panama. For example, even without considering the commercial possibilities created by Panama's recovery of jurisdiction over the Canal Zone, the annual payments from the U.S. to Panama for control of the Canal itself will increase from \$2.3m. to \$30m. and \$50m., an important sum to a country with a Gross National Product of only about \$1,500m. Confident in the

likelihood of a new treaty and pension. And although the viability of the Government's investment programme, workers, Panamanian Vice-President Gerardo Goncalves predicted recently that "Panama is on the verge of extraordinary changes in brother of the economy, involving only 6.5 per cent. of loans, competing without barriers against imported foreign goods and a tiny market in which to products. In fact, even times of economic boom margins in industry match those of finance and commerce. The only way industry can become really viable, in fact, is specialisation in certain products and mass production.

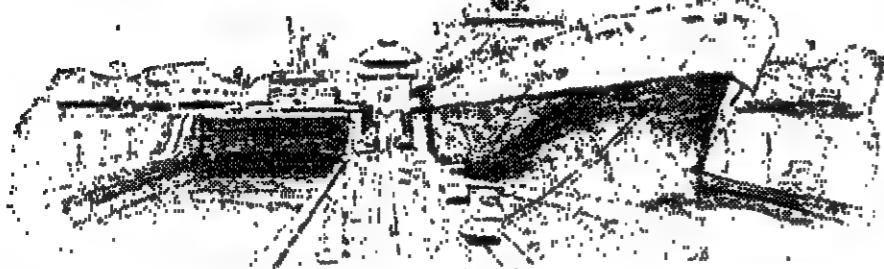
The example of Japan perhaps hard to emulate, Hong Kong—home only Free Zone large Colon—and Taiwan offer from which Panama would benefit. Such an approach of course require huge amounts of capital, yet this might as imagined. Similarly, in the specialisation that wage levels are nearby countries considerably countered with the situation that nowhere in the is there such a concentration of semi-skilled literate commercial expertise a credit as in Panama.

## Potential

In fact, despite the recent political difficulties, both at home and abroad, Panama's long-term economic prospects must be good if only because of the country's basic resources. For example, its tradition as a regional centre for finance, insurance and commerce will be complemented by massive copper exports. The construction of the Panamerican Highway through the Darien Gap—even if, as now seems likely, it will never link up with the Colombian section—is opening up the tropical south-east of the country for agriculture and cattle-farming. Tourism, although growing rapidly, is still only scratching at the potential.

In the pillar sectors of finance and commerce, there are good prospects; more banks are being attracted to the off-shore centre here, while the Colon Free Zone is planning its own physical ex-

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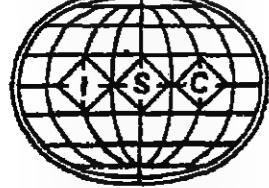
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### PROJECTED PANAMA CANAL COMMERCIAL TRANSITS

Fiscal year	Atlantic to Pacific		Pacific to Atlantic		Total Ballast
	Laden	Ballast Total	Laden	Ballast Total	
1975 (actual)	5,793	829	6,727	5,811	11,609
1976	4,858	924	5,792	5,571	10,429
1977	5,270	903	6,173	5,602	10,872
1978	5,435	932	6,367	5,716	11,213
1979	5,883	930	6,613	6,000	11,845

### PROJECTED PANAMA CANAL COMMODITY TRAFFIC

Fiscal year	Atlantic to Pacific		Pacific to Atlantic		Admeasurement Rule effect
	Laden	Ballast Total	Laden	Ballast Total	
1975 (actual)	62.6	69.5	53.8	11.6	65.3
1976	54.0	9.7	54.5	7.5	51.0
1977	52.9	7.0	53.5	10.0	53.5
1978	61.8	12.3	55.8	9.6	65.4
1979	65.1	7.4	72.5	9.5	68.3

Source: Economics Research Associates.

## Giant regional warehouse

THERE IS probably no simpler way of explaining the Colon Free Zone than by pointing out that 70 per cent of the goods imported arrive here by sea and 60 per cent of the re-exported products leave Panama by air.

In other words, the Free Zone is a giant warehouse deep in Latin American territory where products from around the world are gathered at leisure and despatched around the region at speed.

The reason the Free Zone is in Panama is a function of this explanation. More than 14,000 ships transit the Panama Canal every year and a good many of these dock briefly in either Balboa on the Pacific or Cristobal on the Atlantic to leave cargo for the Free Zone. Panama is also extraordinarily well linked to the world by air, being served by 30 airlines, including British Airways. "A man came in one morning with a \$30,000 order," a leading Free Zone trader told me with undisguised pride. "We packed all afternoon and the goods left Panama on a plane that same evening."

### Tradition

But good communications are not the only attraction of the Free Zone. Even before it was opened in 1914, Panama had an important commercial tradition. More than, say, factory workers or farmers, Panamanians are traders at heart, no doubt influenced by the large Chinese and Indian communities here. Because of the large American presence in the Canal Zone since 1903, many Panamanians also speak English, while the U.S. dollar is legal tender.

Americans standards of efficiency and organisation have even infiltrated the Latin character of Panamanians to the point that punctuality is less scarce here than elsewhere in the region. Finally, the presence in Panama of 74 banks—14 have branches in either the

well, whilst demand for cameras and typewriters has shrunk. In fact, as companies have been collapsing at an average of one per month, new companies have continued to enter the Free Zone—23 in 1975 and 19 so far this year.

At present there are over 300 companies established in the Free Zone, but they represent the products of at least 700 companies from all over the world. Many large corporations, such as Eastman Kodak and Joseph Lucas (the only British company here), have their Latin American distribution headquarters in the Free Zone and deal only in their own goods. Then there are a number of powerful trading companies, such as Motta International, Peikard's and I. L. Maduro's, which generally distribute small items such as watches, stereo equipment and expensive carpets to duty-free shops in the region. Finally, there are several warehousing companies which offer storage space and perhaps some other simple ser-

vices but do not generally go as far as representing the products being stored.

This said, however, the Free Zone has been passing through a difficult time trying to adjust first to the worldwide wave of inflation and, more recently, to the recession that has affected most of its suppliers and consumers. The value of the Zone's trade—imports and exports—last year, in fact, rose marginally to \$891m. from \$886m. the previous year. But the amount of goods moved fell sharply from 184m. kilos in 1974 to 180m. kilos last year. The way that prices rose as sales fell can be illustrated by the fact that 98m. kilos of re-exports were worth \$810m. in 1974 and just \$83m. kilos of re-exports were valued at \$873m. one year later.

Latin American economies traditionally react belatedly to the lag may be as much as one year—to major economic events in the U.S. and other industrialised nations. Although confident that the worst is over, the Colon Free Zone is therefore still awaiting clear signs of economic recovery in such important market-places as Colombia, Mexico and Brazil.

When the recovery comes, the Free Zone will be without at least two dozen small trading companies that have been broken by the recession. "The problem with the small companies is that they overtrade in too few lines," one foreign banker explained. "Collapse of demand in an important market, sudden tightening of credit, shortage of liquidity and you are bust."

Ironically, because the recession has not hit all consumer goods uniformly, those large trading companies working in numerous lines have been able to balance their gains and losses and still come out handsomely in the black. Perfumes and pharmaceuticals, for example, have continued to sell well, whilst demand for cameras and typewriters has shrunk. In fact, as companies have been collapsing at an average of one per month, new companies have continued to enter the Free Zone—23 in 1975 and 19 so far this year.

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vice from other companies only obstacle. Other companies generally distribute Colon to those countries they have no local manufacturing subsidiary.

For example, SKF, the Swedish bearing company, has just initiated distribution operations in the Free Zone, although it has manufacturing units in Argentina, Brazil and Chile. It is the diversity of companies and operations that probably offers the best guarantee of success. The Free Zone—for reasons other than bankruptcy—can easily repack and sell off its inventory and abandon Panama with minimal loss. The real forces that affect the Free Zone are therefore changes in trade patterns or tariff arrangements and booms or slumps in the economies of the area. The main exporters to the Free Zone are predictably Japan (\$107.6m. in 1975), the U.S. (\$78.1m. in 1975), Taiwan (\$34.5m.) and Britain (\$24.5m.—although most of that was Scotch). The main importers from the zone are Brazil (\$70.5m. in 1975), Venezuela (\$44m.), Ecuador (\$43.3m.), Aruba (\$42.7m.), Colombia (\$27.7m.) and Mexico (\$25m.).

The trading companies that sell largely to the free ports of the area—among them San Andrés, Manaus, Aruba and Curacao—are perhaps the greatest risk-takers. In contrast, the pharmaceutical companies that do most of their business with governments can make large profits with competition.

The viability of the operation would also be threatened if the Panamanian Government increased its taxation of the Free Zone companies. At present, normal taxes—a sliding scale from 10-50 per cent on taxable income from \$1,000-\$500,000 and 50 per cent on all taxable income above \$500,000—are paid on profits from sales of goods to Panama itself, while until last year there was a 90 per cent tax rebate on profits from sales outside Panama.

In May 1975, however, the tax arrangements for the Free Zone's foreign earnings were revised upwards. There is now a sliding scale from 2.5 to 3.5 per cent on taxable income from \$1,000 to \$100,000 and a fixed 8.5 per cent tax on profits above \$100,000. Stated differently, a company that previously earned \$500,000 of profits on sales abroad would have paid \$25,000 in taxes; now it will pay \$42,500. But there are new tax discounts for companies employing up to 15 per cent for Panamanian re-exporters. A reflection of the Government's basic view of the

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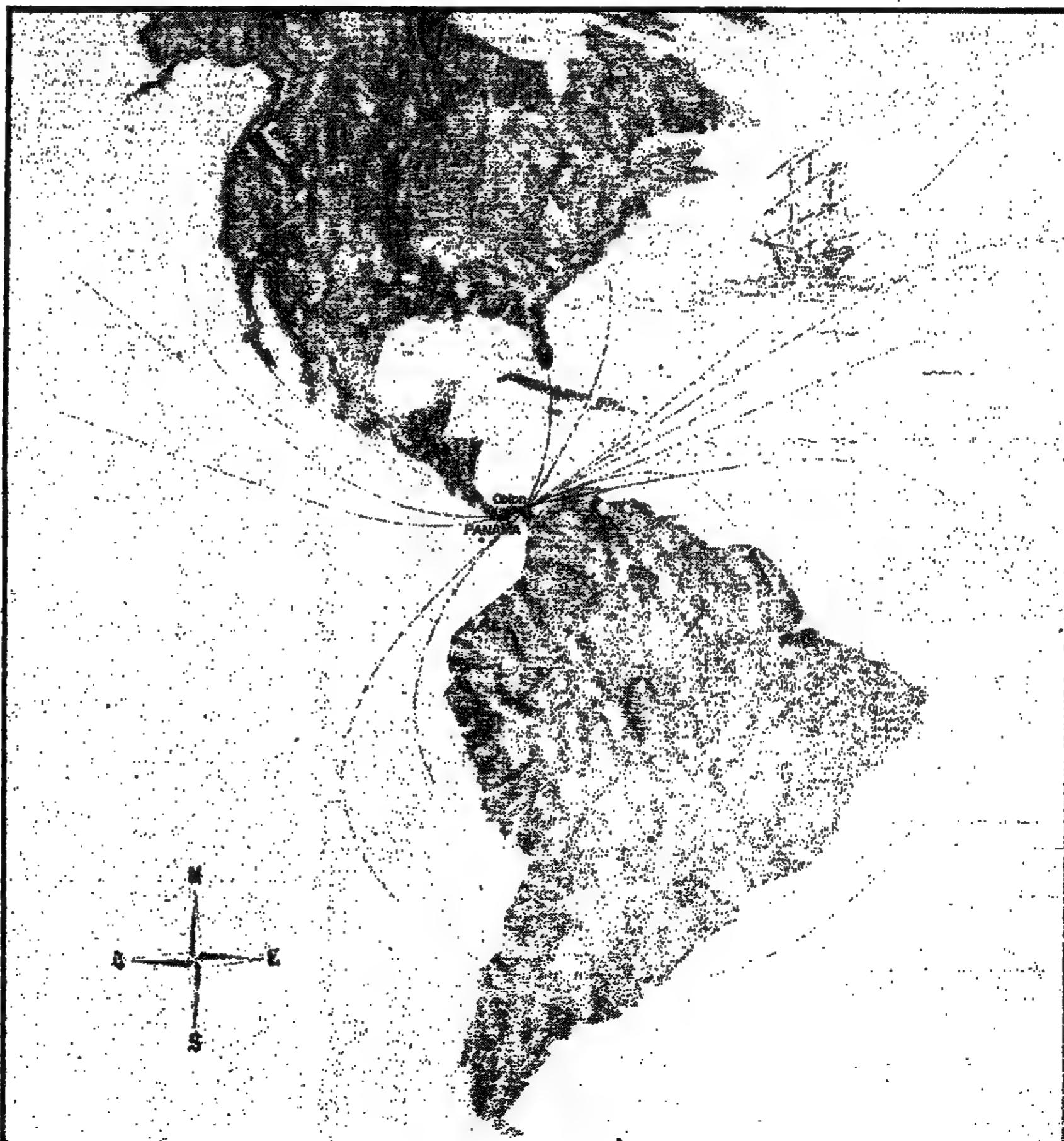
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## COLON FREE ZONE IV

# Preparing for a new Canal Treaty

DESPITE THE controversial meditate before they cast their saries, restaurants and even victories" will be respected appearance of Panama on the vote on a draft treaty. dry-cleaners, will all be taken under the new accord. In contrast, the mood in over by Panama.

The major sources of irritation to Panamanians — that Americans are enjoying special privileges inside an artificial boundary and that American police can arrest Panamanians in an area over which Panama never in fact lost sovereignty — will have been removed. The Zone as such will no longer exist.

The broad lines of the new treaty were spelled out in an eight-point joint declaration signed in February 1974 by Secretary of State Kissinger and the then Panamanian Foreign Minister, Sr. Juan Antonio Tack.

More than two years of negotiations, however, have not yet eliminated all points of disagreement. There is of course no question that the new treaty will be of fixed duration after which Panama will assume total control of the canal. But there is still disagreement over the termination date of the treaty: Panama is insisting on total control by the year 2000, while the U.S. feels it should retain at least primary defence responsibility beyond that date.

The Kissinger-Tack Declaration contemplated that Panama would recover jurisdiction over the Canal Zone but would grant the U.S. "the right to lands, waters and airspace" necessary to operate and defend the canal. Disagreement still exists on this so-called "lands and waters" problem. Panama naturally wants to control as much of this zone as possible, if only to develop warehouse, docking and repair facilities beside the canal itself, but the U.S. is insisting that much of the waterside area remain undeveloped.

Yet with General Torrijos anxious to reach agreements in order to shore up his political position and stimulate the country's depressed economy, most observers believe that the remaining points of disagreement will be ironed out in the coming months. Ironically, two years ago Washington seemed in a hurry to work out a new treaty while Panama felt that time would bring greater pressure on Washington from other Latin American countries and further erode the U.S. position. Today Washington would probably prefer to wait a year or two more until that passion stirred by Mr. Reagan has subsided, while General Torrijos' impatience for a new treaty may lead him to make concessions that would have been unheard of two years ago.

### Reality

In the Canal Zone — across the four-lane highway that the Americans named after President Kennedy and the Panamanians after the "martyrs" who died in the 1964 anti-American riots here — 3,500 Americans working for the Canal Company are also preparing for a new treaty. Despite Mr. Reagan's rhetorical defence of the status quo, they seem to realise that reality is about to invade their tropical dreamworld. Most are depressed by the uncertainty surrounding their lives, many feel that their privileges are already being eroded and a good number are spending their summer holidays looking for jobs in the U.S.

Perhaps the unhappiest are those whose families have lived in the Zone since the turn of the century and whose fathers and grandfathers worked for the Company. Just as Panamanians resent seeing the American flag flying over their territory, these traditional Zonians feel passionately that Panama has no right to take over their enclave. "I'd leave rather than have Panamanian guards take over patrolling our streets from the Canal Zone police," one typical Zonian said.

The way of life in the Zone, however, will be the first major change wrought by the new "guerilla warfare" and "a new Vietnam" may erupt in Panama if a new treaty is not soon reached. Seconding this view, 553-square mile Canal Zone "in perpetuity," the new agreement Torrijos has spent the past five years speaking of the grim consequences of a breakdown in years of the ratifications. The negotiations "Let the blood services now provided by the ever, General Torrijos has gone out of his way to reassure Zonians that all their "labour

shipped to brigades, post offices, commis-

ary posts in the company. The view of many Americans in the Canal Zone that Panamanians are lazy and inefficient has until now seemed sufficient justification for keeping locals in menial jobs in the company. But under a new treaty, not only will a date be set when the canal will be entirely Panamanian-run, but the U.S. will also commit itself to training Panamanians to take over the operation.

Clearly, there is still much to be done. Out of 15,000 company employees, about 11,500 are Panamanians; but in the top 561 administrative jobs, there are just 58 Panamanians, while only two of the 198 pilots are locals. Americans also occupy 99.4 per cent of all supervisory posts as well as 580 "security positions" (the number of "security positions" to be filled exclusively by Americans was just lowered from 1,095 in anticipation of the new treaty).

Given time, though, there is no reason to believe that Panamanians — plus, perhaps, a handful of American pilots working on contract — will not be able to operate the canal efficiently. In recent months, in fact, the American "sick-out" and the poor morale of Zonians who feel they are being sold out by the U.S. treaty negotiators have encouraged Panamanians to chirp that perhaps the Americans are not responsible enough to run the canal.

Shippers are, in fact, more concerned about Panama's future control of tolls than the idea of non-Americans acting as pilots and administrators. Even though Panama may not determine tolls before the year 2000, small countries that are important users of the canal — even countries like Peru and Ecuador that must formally support Panama's demand for a new treaty in the name of Latin American solidarity — are worried that rates may be established arbitrarily or even in response to the particular economic problems of each Panamanian government. Even neighbouring Colombia, which was compensated for its loss of

Panama in 1903 by being granted free transit rights through the canal by the U.S., nevertheless affects its users. The suggestion that a sea-level canal be built through some part of the Central American isthmus is not taken seriously for the same reason: transport by super-tankers and bulk carriers will be smooth and cheap enough to discourage any transits dislousing the fact that average loads and ship sizes will continue to rise. On this point, whether tolls will have to be at least, the U.S. and Panama raised yet again, however, seem agreed.

One aspect of the canal's

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## WALL STREET + OVERSEAS MARKETS

## + FOREIGN EXCHANGES

## General optimism again boosts prices

BY OUR WALL STREET CORRESPONDENT

**STOCK PRICES** advanced across a broad front in the heaviest trading in almost two weeks on Tuesday's advance.

Optimism was attributed to U.S. Commerce Department reports that May factory orders rose 2.6 per cent following an 0.8 per cent increase in April. Another factor was the prediction by Mr. Arthur Burns, chairman of the Federal Reserve Board that inflation would drop below 7 per cent by

to \$19. Combustion Engineering rose \$1 to \$47. Pullman was up \$1 to \$36. General Signal put up \$1 to \$49; Eli Lilly was up \$1 to \$32.

The Westinghouse gained \$1 to \$17. Gardner-Denver put on \$2 to \$27. Merck was up \$1 to \$34. Denny's was up \$1 to \$24 and Koppers was up \$1 to \$30.

However, Du Pont fell \$2 to \$139; International Paper lost \$1 to \$32; Jim Walter declined \$1 to \$32; Timken eased \$1 to \$37; and National Presto slipped \$1 to \$30.

IBM picked up \$1 to \$277. The company introduced two new "system 370" computer models and cut lease charges. Xerox added \$50 cents to \$61.

Northrop advanced \$1 to \$431. The company predicted record second-quarter sales and earnings.

Copper stocks were narrowly mixed. After the close Kennecott raised copper prices 4 cents a lb. to 7 cents a lb.

The American Stock Exchange closed higher in moderately active trading. The Amex index was up 0.2 to 105.32 and advances led declines 368 to 269. Volume was 2,290,000 shares against Tuesday's 2,230,000.

## OTHER MARKETS

## Canada mixed

Canadian stock market indices were firmer at the close but

the end of 1976 from the current 7.5 per cent. He also said the Fed would continue its moderate monetary policy.

The Dow Jones Industrial Index rose 1.12 to 1,002.78, while the NYSE Composite index gained 0.22 to 55.72. Advances topped declines 540 to 467. Turnover amounted to 23,333 shares against Tuesday's 19,826.

Coca-Cola rose \$1 to \$341; Hewlett-Packard gained \$2 to \$114; Marley Company rose \$1 to \$60; Boeing advanced \$1 to \$40; Schlitz Brewing put on \$1

despite bullish factors like the rise on Wall Street, lower local money market rates and a survey from the National Statistics Institute showing French production was still expanding this month. Banks, investments and properties were resistant while Properties advanced.

Foods — notably Perou-Ricard-Printers, Metals, including Vallourec, and Oils tended firmer.

Moet Hennessy rose Frs. 6 to 515 and Carrefour gained the same amount to Frs. 889. But Air Liquide fell Frs. 4 to 478; and Citroen lost Frs. 1.75 to Frs. 1,000. Peugeot also slipped over Fr. 3,100 and L'Oréal surrendered Frs. 3.

AMSTERDAM — Shares generally advanced in quiet conditions. Dutch Internationals were led higher by Akzo up Frs. 14. Hoogovens ahead 50 cents and Royal Dutch which put on Frs. 14.

In Montreal stocks gave up some of their earlier gains to close broadly mixed in moderate trading. The Composite index was 0.04 higher at 109.08 and the Industrial Index gained 0.17 to 108.63.

BRUSSELS — Mixed in quiet trading with only minor movements. Reserve and Wagons-Lits were higher, the latter gaining 1.50. Base Metals were up 0.49 to 90.52 and Golds advanced to 273.06. However, Western Oil declined 0.38 to 231.75.

In Brussels stocks gave up some of their earlier gains to close broadly mixed in moderate trading. The Composite index was 0.04 higher at 109.08 and the Industrial Index gained 0.17 to 108.63.

OSLO—Banking, Insurances and Shipping were quiet while Industrials were steady.

VIEENNA—The market closed slightly higher, with Creditanstalt very firm.

MILAN—The market closed irregularly higher in fairly active trading. Sisal Viscosa, Olivetti Privilegiata, Montedison, Pirelli E C and Fiat gained. However,

Asturias Generali and Preud'Homme lost a little ground. Castrol and Erba each put on at least 1.00. But Mediolanum and RAS were both weak.

TOKYO—The market closed in very active trading with interest spreading to medium-sized companies and with growing participation absorbed. The Tokyo SE Index closed at a new record of 257.90, up 0.38.

Commodity-related shares continued in demand, but Motors and Electricals levelled off on profit-taking. Textiles, Paper-pulp, Steels, Shipping lines and Chemicals led the rise.

ZURICH—The market firmed over a broad front in selectively active trading. Bally Beamer and Registered featured very firm Otherwise Financials were only slightly higher. In Banks, Bankgesellschaft and Bodencreditanstalt rose sharply. Insurances advanced in moderate trading.

Leading Industrials showed substantial gains with Fischer notably firmer on active support. Nestle put on Frs. 20 and Interfood gained Frs. 14. Sandos and Union Bank each rose Frs. 40 while Hoffmann Roche was ahead Frs. 250.

COPENHAGEN—Slightly higher over a broad front in a moderate

NEW YORK, June 30.

## Pound firmer

Sterling continued to advance firm, and may be attracting speculative interest from the U.S. and yesterday, helped by further Swiss intervention.

The dollar's trade-weighted action by the Bank of England in the forward market and a general easing of the dollar against most major currencies.

The pound opened at 1.02 per cent. and ended at 1.01790-1.01740 and closed at 1.01700-1.01620, narrowing to 1.01710-1.01720 in the early afternoon. Buying interest in New York and the Continent pushed the rate up in late dealing to touch a best level of 1.01750-1.01760, and at the close sterling was 43 points higher on the day, at 1.01745-1.01755.

The pound's trade-weighted depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 88.4 per cent. from 38.8 per cent. after standing at 38.9 per cent. at noon and 38.7 per cent. in early dealing.

Following a sharp increase in Euro-guilder interest rates in possible intervention in the forward market by the Dutch authorities, the Dutch guilder gained ground, improving its position in the European currency "snake." The guilder finished at F1.27233 in terms of the U.S. dollar compared with F1.27232 previously, and its trade weighted appreciation since the Washington Currency Agreement, as calculated by the Bank of England, widened to 9.1 per cent. from 8.83 per cent.

The Italian lira lost some of its recent gains, while the Japanese yen also declined against the dollar, to close at Y298, compared with Y295.82 on Tuesday. The Canadian dollar remains very

firm. Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

HONG KONG—Shares prices closed firmer in fairly quiet trading although some issues closed below the day's highs. Sentiment was aided by encouraging economic indicators such as yesterday's May trade figures and by firm overseas market figures overnight. Investor confidence is strong.

The Hong Kong Monetary Authority put on 20 cents HK10.10, Jardine Matheson and Swiss Pacific 10 cents each to HK10.20 and HK10.40 respectively.

JOHANNESBURG—Gold shares were easier towards the close on local and overseas selling pressure. Most issues closed at or around previous levels. Financial Minings were generally steady, but some prices were easier. There was renewed interest in metals, however, and prices were generally unchanged.

Industrial and Platinum shares were a shade easier. The Borsa appeared to have rallied after the recent decline. The industrial market was little changed, but a few modest gains were scored.

AUSTRALIA—Markets closed mixed on the last day of the 1975-76 financial year.

Leading Industrial BHP gained 2 cents to \$A8.60, CSR also rose 2 cents to \$A8.47. Pancontinental gained 20 cents to \$A13.70, while Thicks, BHP and Allco and Onkaparinga all advanced. However, BHP and NSW fell 5 cents to \$A7.74 and Posidone lost 10 cents to \$A2.65.

Euro-French deposit rates: two-day 8.82 per cent.; seven-day 8.88 per cent.; one-month 8.91 per cent.; six-month 9.01-10.10 per cent.

Lombard-Tellers Eurodollar deposits: four years 8.84 per cent.; five years 9.61 per cent.

Euro-French deposit rates: one-month 8.81-8.82 per cent.; three months 9.04-9.16 per cent.; one year 9.13-9.15 per cent.

Short-term rates are for sterling, U.S. dollars and Canadian dollars, two-day notice for milder and Swiss francs.

FORWARD RATES

June 30 Bank Rate %

New York 5.17/89-1.788

Montreal 5.17/89-1.720

Auckland 5.17/89-1.580

London 7.02-7.02

Paris 10.34-10.35

Frankfurt 11.43-11.45

Vienna 12.00-12.05

Stockholm 12.02-12.03

Tokyo 12.25-12.26

Other markets 12.31-12.32

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Tokyo 12.25-12.26

## Led courage egislation promise

Our Commodity Staff

GAVIN STRANG, Parliamentary Secretary to the Ministry of Agriculture, said today he had "not the least doubt" that the nationalisation of agriculture represented by Government's Bill to reform the tied farm cottage system would become law in the present parliamentary session. It will end in one swoop the landlord relationship which exists between workers and their employers and lords," he told members of the National Union of Agricultural and Allied Workers at the Norfolk Show in Norwich. The central purpose of the Bill is to remove the fear oflessness inherent in the existing system by giving rent security of housing to agricultural workers. I can assure you that the Government is prepared to compromise its central principle."

## Brazil curbs exports of soybean

See Brazil

SAO PAULO, June 30.

TO-DAY, soybean exports have been suspended in Rio de Janeiro, Brazil's main producing state that is reaping a harvest of approximately 5m. tonnes. The decision was taken yesterday in Rio by the soybean committee, the Government body in charge of soybean policies. A few of the large volume of tonnages originally earmarked for export, 2.6m. have been sold. The Government is afraid of a large increase in the domestic market exports continue at this rate has taken this unexpected measure. Rio Grande Sul, however, is still authority to export soya meal and oil.

On the other hand, the export of Parana, Brazil's second largest producing state, has been cut from 780,000 to 1m. tonnes. The new crop estimate for the state, this now puts its output at 4.5-5m. tonnes, paraded with the original figure.

## NIODIUM PRICE UP

NON MATTHEY announced today that from today London's minimum price for June will be £200 (\$350) per tonne, from £171.50 (\$300).

# Sharp rises in cocoa and coffee markets

By RICHARD MOONEY

COCOA VALUES climbed back to-day, cannot be expected to affect the market much either one stage before profit-taking in the London terminal market yesterday despite a distinct absence of fundamental news. Net world production is now estimated to exceed groundings in 1975-76 by 11,000 tonnes. Prices had been expected to gain £10 to £15 lower in line with the overnight tone in New York, but this was prevented by the "frost scare," which emanated from a private trade source. Trade sources in Rio de Janeiro could not confirm the rumour, however. They said temperatures, although cooler than earlier in the week, were far above frost levels. The minimum overnight temperature in North Parana was around 10 degrees centigrade, while in Londrina it was 11 degrees and in Maringa nine degrees, which marks the southern limit of the coffee belt, did temperatures give any cause for real concern, reaching seven degrees.

Zero temperatures have been confined to the non-coffee states of Rio Grande do Sul and Santa Catarina, a Weather Office official said.

Reports of "very cold weather" in Brazil's coffee growing areas sparked off a sharp rise on the London market yesterday closed above £1,600 a tonne for the first time ever. September

## America has vast reserve of crop land

AN INVESTIGATION by the U.S. Department of Agriculture has shown that there are still 111m. acres of land in the U.S. which could be used for growing crops.

This is almost four times as large as the 29m. acres of cultivated land in Britain and is roughly equivalent to the total U.S. acreage of maize, oats and sorghum grown last year.

The USDA's Soil Conservation Service, which conducted the analysis of potential croplands in the U.S. countries, said 24m. acres were prime land which merely needed tilling to bring them into production. Another 54m. acres needed improved soil and water management to realise their high potential but remaining 33m. acres had serious erosion and drainage problems and would cost more to convert.

Reporting from Washington, Reuter said this latest estimate is down from earlier figures which have ranged as high as 266m. acres of land that could be converted to crops.

See America

PARIS, June 30.

FRANCE'S SUGAR beet production this year will fall to 1.8m. tonnes from 2.97m. last year because of drought, Sugar Beet Planters' Association spokesman said here.

Even if there is a period of prolonged rainfall, 50 per cent of an average crop of 3.5m. tonnes

will have been lost, he warned, adding: "If it does not rain in the near future the situation for sugar beet will be catastrophic."

If rains heavily now producers can only hope for 30 tonnes of beet, or four tonnes of sugar, per hectare, but without sufficient rain yields per hectare

may fall to 15 tonnes of beet, or two tonnes of sugar, the spokesman said. This would give France's worst sugar crop since 1959 when the yield fell to three tonnes of sugar per hectare on a smaller area.

Meteorological specialists now believe it will not rain extensively before September, the spokesman said. But he added that growth in the Seine and Marne region and around Paris is less seriously hit because of some isolated storms.

Our Commodity Staff writes:

On the London terminal market, however, trade sources felt the reduced French crop estimate was rather drastic considering harvesting need not start for another three months. But dealers did react to news that only 15,000 tonnes of white sugar were subsidised for export at this week's EEC selling tender. This low figure was taken as an indication that relatively little sugar remains to be exported under the current rebate scheme. The tender result helped the market to reverse an earlier downturn and the October position closed 11.70 higher at £1,606.075 a ton, after slipping to £1,603.75 at one stage.

Reuter

## Processed palm oil duty

SINGAPORE, June 30.

MALAYSIAN EXPORTS of processed palm oil products will impose duty reflected concern that the present exemption system is unfair to exporters of crude palm oil, although import duties in Malaysia's main U.S. and European markets are considerably higher for processed than for crude oil.

Until now the Malaysian Government has exempted all processed palm oil from export duty to encourage the country's developing refining industry.

The introduction of export duty on processed oils will involve no change in the method of calculating basic duty on crude palm oil, which is currently in the region of \$M150 a tonne.

Our Commodity Staff writes: The new system, previously exempted from paying the duty charged on palm oil exports will be subject to various percentages of the basic duty on crude exports, ranging between 20-55 per cent of the basic level, depending on the degree of processing.

The Customs and Excise department will set some 15 classifications of processed oil, on which different duty levels will be charged.

The introduction of export duty on processed oils will involve no change in the method of calculating basic duty on crude palm oil, which is currently in the region of \$M150 a tonne.

Reuter

## COCOA

Prices quoted initially as revised

in London in September in revised limits, up to 100% of the previous month.

London—Cocoa—<sup>1</sup> or <sup>2</sup> or <sup>3</sup> or <sup>4</sup> or <sup>5</sup> or <sup>6</sup> or <sup>7</sup> or <sup>8</sup> or <sup>9</sup> or <sup>10</sup> or <sup>11</sup> or <sup>12</sup> or <sup>13</sup> or <sup>14</sup> or <sup>15</sup> or <sup>16</sup> or <sup>17</sup> or <sup>18</sup> or <sup>19</sup> or <sup>20</sup> or <sup>21</sup> or <sup>22</sup> or <sup>23</sup> or <sup>24</sup> or <sup>25</sup> or <sup>26</sup> or <sup>27</sup> or <sup>28</sup> or <sup>29</sup> or <sup>30</sup> or <sup>31</sup> or <sup>32</sup> or <sup>33</sup> or <sup>34</sup> or <sup>35</sup> or <sup>36</sup> or <sup>37</sup> or <sup>38</sup> or <sup>39</sup> or <sup>40</sup> or <sup>41</sup> or <sup>42</sup> or <sup>43</sup> or <sup>44</sup> or <sup>45</sup> or <sup>46</sup> or <sup>47</sup> or <sup>48</sup> or <sup>49</sup> or <sup>50</sup> or <sup>51</sup> or <sup>52</sup> or <sup>53</sup> or <sup>54</sup> or <sup>55</sup> or <sup>56</sup> or <sup>57</sup> or <sup>58</sup> or 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## STOCK EXCHANGE REPORT

## Late fillip following Counter-Inflation White Paper

Share index up 5.9 at 383.8—Fresh modest gains in Gilts

## Account Dealing Dates

Options

First Declara-

Last Account

Dealing Dates Day

Jun. 24 Jun. 25 July 6

Jun. 26 July 8 July 9 July 20

July 12 July 22 July 23 Aug. 3

"New time" dealings may take place from 9.30 a.m. on business days earlier.

The Government's Counter-

Inflation White Paper, which came

at the official House close,

provided light relief from the recent

tension in stock markets yesterday.

Already a little more in-

front of the start, trading

Industrials were marked up a few

percentage points in response to the

review in the price code and

the absence of any alteration in

the present arrangements for the

control of dividends. Consequently

a rise of 2.7 in the FT 30-share

index at 3 p.m. was extended to

one of 3.9 at a close of 383.8,

making a gain of 12.2 over yester-

day's SE conversion factor was

0.8707 (0.848).

The White Paper had little

impact on British Funds, but

initial modest gains were fully

held and the Government Securi-

ties index hardened 0.6 more to

52.87.

Second-line equities followed in

the wake of the leaders, but

interest was mainly centred

around companies making trading

statements, although there were

one or two bright spots in

response to speculative interest

which was more noticeable than

of late. Rises led falls by 2-1

in FT-quoted Industrials, while

the F.T.-Actuaries All-Shares index

improved 1.0 per cent to 135.41.

Gilt edge forward

The day in Gilt-edged was very

similar with those experienced

earlier in the week, namely de-

mand being small but sufficient

to maintain a firm underpin in

Commercial Union put on 4 to

hopes of a bid from Unilever.

Ellis and Everard moved up to

107p. Blundell-Pomorzine, how-

ever, closed a penny cheaper at

106p despite the higher interim

profits.

After a cautious start, ICI

moved ahead to close 5 better at

188p. Elsewhere in Chemicals,

Allied Colloids improved 4 to a

176p peak of 122p. Of the losers,

Fisons shed 3 to 187p and Hoechst

declined 2 to 180p.

Vickers attracted buyers at 25p, up 4

and picked up 3 to 182p. General

Unite were sought after again

Engineering (Radcliffe) moved up at 63p, up 3. Still reflecting the

results and Birmond Qualeast

scored a similar gain at 50p.

News items, took Brickhouse

Dudley 2 higher to 30p and West

Weston-Brans up 1 to 44p. Graham

Miller, at 38p, were also 1 desire

elsewhere. Elsewhere, S. W. Wood,

improved 3 to 183p. But Dunford

and Ellett lost 2 to 38p following

the preliminary figures much in line with general market

expectations. Among secondary

issues, Thorn Electrical were note-

worthy for an advance of 8 to 182p. BSR were raised 3 to 113p,

while M.K. Electric, 28p, and

Chloride, 107p, put on 3 apiece.

Goldring, however, eased 2 to 11p

on the trading deficit.

Although looking firmer in the

late trade, Stores finished little

changed on the overnight news

with a penny advance. Audiomar-

phones regained 2 at 20p, while

most gains were also recorded by

Dixons Photographic, 61p, and

I.D. and S. Rivka, 30p. Bolton

Textile contrasted with a fall of

4 to 101p. In Mail Orders, Empire

Stores improved 4 to 86p on small

builings in a thin market.

Leading Engagements continued

their improvement with gains to

6, these occurring in both

Hawker, 440p, and Tube Invest-

ments, 380p. John Brown also

remained on buyers' lists and rose

10p to 138p.

Buildings had a few firm spots,

in response to sharply

higher profits, while Bett Bros.

edge up 2 to 40p on the profits

of 135.41.

Tuesday's figures released by

the B.I.A. revealing the British

insurance companies last year

met a record underwriting loss of

£1.7m. on their world-wide

general business had already been

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## **AUTHORISED UNIT TRUSTS**

## **INSURANCE, PROPERTY, BONDS**

## **REGIONAL MARKETS**

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

		LIRISH	
Albany Inv. 30p		Hibernia Bros.	10
Ash Spinning		L.O.M. Stein. Co.	125
Bartons		Hoff & Son's 20p	225
Bell's Inv. 50p	+2	Kleenex 25c	—
Clover Craft		Lowell's Ship L.	125
Craig & Sons Co.		Mills Colleagues	15
Denton (I.A.) Co.		P.M.A.	40
Elliott McMurtry		Pearce C. H.	4
Evans F.Y.-10p		Peel Mills	14
General		Rabbit Catchers	—
Geno Foods		Savers 12½p	13
Finlay Eng. Co.		Shamrock Bisc.	25
Frost & Head 10p		Scott, Hartman	100
Graig Corp. 10p		Southern States	70
Hallinan Brothers		Stoddell (Wm.)	—

# **LEADERS AND LAGGARDS**

The following table shows the "percentage chances" which have been registered December 31, 1973, in the principal equity sections of the F.T. Securities Indices. It also contains the F.T. Gold Index Totals.

ms	+ 19.15	All-Share Index .....	2.35
ubers	+ 17.51	Electronics, Radio and TV .....	3.72
ns	+ 12.20	Consumer Goods - Non-Durable Group .....	
ys and Games	+ 15.24		6.76
urance (Brokers)	+ 11.41	Household Goods .....	4.76
ters and Distributors	+ 10.51	Stereo .....	3.92
achine Tools	+ 9.31	Packaging and Paper .....	7.13
P	+ 7.71	Food Retailing .....	8.94
llic Equipment	+ 7.54	Entertainment and Catering .....	9.37
ngineering (Heavy)	+ 6.21	Mining Finance .....	4.42
lectricals	+ 5.78	Textiles .....	9.39
Industrials (General)	+ 5.23	Banks .....	9.97
hemicals	+ 4.73	Financial Group .....	20.49
newspapers and Publications	+ 4.61	Discount Houses .....	18.79
consumer Goods (Durable) Group	+ 4.70	Insurance (Commodities) .....	10.81
Vines and Spirits	+ 3.71	Investment Trusts .....	11.15
ts Share Index	+ 3.31	Property .....	11.81
roperties	+ 3.21	Canners .....	12.21
Shipping	+ 3.23	Insurance (Life) .....	12.58
shco	+ 1.71	Building Materials .....	12.48
Capital Goods Group	+ 1.50	Hire Purchase .....	12.48
ustrial Group	+ 1.73	Merchant Banks, Housing Homes .....	16.53
verses Traders	+ 2.00	Contracting and Construction .....	25.35
ed Manufacturing	+ 1.85	Gold Mines F.T. .....	11.32

\* Percentage changes based on Tuesdays, June 29, 1976 index.

# Hill Samuel Base Rate

Hill Samuel & Co. Limited announce that with effect from Thursday, July 1st, 1976, their Base Rate for lending will be reduced from 11 per cent. to 10½ per cent. per annum.

Interest payable under the Bank's Demand Deposit Scheme on sums of £500 up to £100,000 will be at the rate of 3 per cent. per annum. Interest rates for larger amounts will be quoted on application.

**Hill Samuel & Co. Limited**  
100 Wood Street  
London EC2P 2A]   
Telephone: 01-518 5011



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## \*\*BRITISH FUNDS

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Yield

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Stock



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# FINANCIAL TIMES

Thursday July 1 1976

**PORTAL**

The unbeatable relocatable toilet  
For use with or without mains drain  
Portasito Ltd, Huntington, York  
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LOCAL STAKE IN FOREIGN BANKS WILL BE RAISED TO 60 PER CENT.

## Nigeria extends takeover measures

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE NIGERIAN Government has announced the introduction of important new measures to increase local shareholdings in foreign companies as well as punitive action against those companies which have not fulfilled their obligations under earlier "Indigenisation Decree."

Under these decrees—first published in 1974—companies operating in Nigeria which were wholly foreign-owned were obliged to relinquish a substantial portion of their equity to either private or Government Nigerian interests.

In a broadcast late on Tuesday, Gen. Obasanjo, the Head of State, announced that, as from September 30, all foreign-owned banks would have to have 60 per cent—instead of the current requirement of 40 per cent—Nigerian equity participation.

Banks likely to be affected include Standard and Chartered and Barclays International.

In what appears to be a major revision and extension of the

1974 measures, General Obasanjo announced that henceforth there would be three instead of two categories of companies affected.

Under the 1974 legislation certain categories of companies were required to sell out completely to Nigerian ownership while others, with a specified turnover, were required to sell 40 per cent of their equity.

Now a third category has been introduced which obliges 60 per cent Nigerian participation.

Gen. Obasanjo, whose broadcast ranged widely over economic and foreign affairs, said that the companies which had not fulfilled their obligations under the 1974 legislation would be taken over immediately.

While it has been known for some months that Nigeria was considering tightening up its local participation requirements, Gen. Obasanjo's broadcast has come as something of a surprise to the business community, both in Nigeria and abroad.

There is also considerable mystery over the 500 or so

new companies under the "defaulting enterprises" originally affected by the 1974 decree which are now, according to Gen. Obasanjo, to be sealed up and taken over immediately.

Although Gen. Obasanjo said that appropriate arrangements would be made "to dispose of them at once," it was not clear yesterday whether measures were already under way.

Given the paucity of detail, it is impossible to say how many companies, or what sums, might be involved. British investment in Nigeria, excluding oil, is reckoned conservatively at some £250m.

Apart from the banks, which are required to complete the ownership of the 100 per cent shareholding schedule by some 24 categories of business, including departmental stores, shipping and shipping agencies, brokerage, manufacturers' representatives and wholesale distribution.

All of these could affect British and other foreign companies in Nigeria, although undoubtedly

revision and extension of the

new measures are based on the report of a commission into indigenisation set up last January and headed by Mr. O. A. Adeosun, the managing director of Nigerian Stockbrokers. It is believed that the Adeosun report was submitted to the Government in April.

According to sources in Lagos,

Adeosun recommended the extension of the 100 per cent shareholding schedule by some 24 categories of business, including departmental stores, shipping and shipping agencies, brokerage, manufacturers' representatives and wholesale distribution.

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